

JAMES MATTHEW COLUNGA 8/21/2014

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

CLINTON HENDERSON AND)	
ANDREW OLINDE, INDIVIDUALLY)	
AND ON BEHALF OF ALL OTHER)	
SIMILARLY SITUATED)	
INDIVIDUALS,)	
)	
Plaintiffs,)	
)	CIVIL ACTION FILE
vs.)	
)	NO. 1:13-CV-3767-TWT
1400 NORTHSIDE DRIVE, INC.,)	
D/B/A SWINGING RICHARDS)	
AND C.B. JONES,)	
)	
Defendants.)	

CONFIDENTIAL

Deposition of

JAMES MATTHEW COLUNGA, taken on behalf of the
Plaintiffs, pursuant to the stipulations agreed
to herein, before Tanya L. Verhoven-Page,
Certified Court Reporter and Notary Public, at
260 Peachtree Street, Atlanta, Georgia, on
the 21st day of August, 2014, commencing at
the hour of 9:09 a.m.

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<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES OF COUNSEL</p> <p>2</p> <p>3 On behalf of the Plaintiffs:</p> <p>4 PAUL J. LUKAS, ESQ.</p> <p>5 TIM C. SELANDER, ESQ.</p> <p>6 NICHOLS Kaster</p> <p>7 4600 IDS Center</p> <p>8 80 S. 8th Street</p> <p>9 Minneapolis, Minnesota 55402</p> <p>10 (877) 448-0492</p> <p>11 (612) 338-4878</p> <p>12 e-mail: lukas@nka.com</p> <p>13 e-mail: selander@nka.com</p> <p>14</p> <p>15 On behalf of the Defendants:</p> <p>16 SUSAN KASTAN MURPHEY, ESQ.</p> <p>17 Schulten, Ward & Turner</p> <p>18 260 Peachtree Street, N.W.</p> <p>19 Suite 2700</p> <p>20 Atlanta, Georgia 30303</p> <p>21 (404) 688-6800</p> <p>22 (404) 688-2723</p> <p>23 e-mail: skm@swtlaw.com</p> <p>24</p> <p>25 HERBERT P. SCHLANGER, ESQ.</p> <p>Law Office of Herbert Schlanger</p> <p>230 Peachtree Street, N.W.</p> <p>Suite 1890</p> <p>Atlanta, Georgia 30303</p> <p>(404) 588-1981</p> <p>ALSO PRESENT: Karen Caudle</p> <p>- - -</p>	<p style="text-align: right;">Page 4</p> <p>1 ATLANTA, GEORGIA; THURSDAY, AUGUST 21, 2014</p> <p>2 9:09 A.M.</p> <p>3</p> <p>4 Thereupon --</p> <p>5 JAMES MATTHEW COLUNGA,</p> <p>6 called as a witness, having been first duly sworn,</p> <p>7 was examined and testified as follows:</p> <p>8</p> <p>9 EXAMINATION</p> <p>10 BY MR. LUKAS:</p> <p>11 Q Please state your full name for the</p> <p>12 record, please.</p> <p>13 A My full name is James Matthew Colunga.</p> <p>14 Q And how do you spell your last name,</p> <p>15 Mr. Colunga.</p> <p>16 A C-o-l-u-n-g-a.</p> <p>17 (Colunga Deposition Exhibit No. 1 was marked for the</p> <p>18 record.)</p> <p>19 BY MR. LUKAS:</p> <p>20 Q Okay. And I'm putting in front of you</p> <p>21 what's been marked as Deposition Exhibit 1.</p> <p>22 This is the Plaintiff's first amended</p> <p>23 notice of deposition of Defendant, 1400 Northside</p> <p>24 Drive, Inc., doing business as Swinging Richards</p> <p>25 pursuant to Federal Rule Civil Procedure 30(b)(6).</p>																																										
<p style="text-align: right;">Page 3</p> <p>1 INDEX</p> <p>2</p> <p>3 WITNESS: JAMES MATTHEW COLUNGA</p> <p>4</p> <table border="0"> <tr> <td>Examination</td> <td>Page</td> </tr> <tr> <td>BY MR. LUKAS</td> <td>4</td> </tr> <tr> <td>BY MS. MURPHEY</td> <td>107</td> </tr> <tr> <td>BY MR. LUKAS</td> <td>107</td> </tr> </table> <p>8</p> <p>9</p> <p>10 EXHIBITS:</p> <table border="0"> <tr> <td>Colunga</td> <td></td> </tr> <tr> <td>Exhibit</td> <td>Page</td> </tr> <tr> <td>Exhibit 1</td> <td>Plaintiff's first</td> </tr> <tr> <td></td> <td>amended notice of</td> </tr> <tr> <td></td> <td>deposition of</td> </tr> <tr> <td></td> <td>Defendant</td> </tr> <tr> <td></td> <td>4</td> </tr> <tr> <td>Exhibit 2</td> <td>Independent contractor</td> </tr> <tr> <td></td> <td>agreement</td> </tr> <tr> <td></td> <td>58</td> </tr> <tr> <td>Exhibit 3</td> <td>Independent contractor</td> </tr> <tr> <td></td> <td>agreement along</td> </tr> <tr> <td></td> <td>with some rules</td> </tr> <tr> <td></td> <td>59</td> </tr> <tr> <td>Exhibit 4</td> <td>Club's rules and</td> </tr> <tr> <td></td> <td>regulations</td> </tr> <tr> <td></td> <td>59</td> </tr> </table> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	Examination	Page	BY MR. LUKAS	4	BY MS. MURPHEY	107	BY MR. LUKAS	107	Colunga		Exhibit	Page	Exhibit 1	Plaintiff's first		amended notice of		deposition of		Defendant		4	Exhibit 2	Independent contractor		agreement		58	Exhibit 3	Independent contractor		agreement along		with some rules		59	Exhibit 4	Club's rules and		regulations		59	<p style="text-align: right;">Page 5</p> <p>1 Do you see that?</p> <p>2 A Yes.</p> <p>3 Q And have you had your deposition taken</p> <p>4 before?</p> <p>5 A No.</p> <p>6 Q Okay. Just to give the general rules --</p> <p>7 I'm sure you've talked to your lawyers, but I'm going</p> <p>8 to be asking you questions today. You're going to be</p> <p>9 answering them. That sounds pretty simple, but it's</p> <p>10 not a normal conversation and that, in normal</p> <p>11 conversations, we tend to talk over each other, or</p> <p>12 you know what I'm going to say. So you don't let me</p> <p>13 finish, and you start answering or I know what you're</p> <p>14 saying, and I ask my next question, and we kind of</p> <p>15 overlap.</p> <p>16 Tanya does not like overlap. So we need</p> <p>17 to make sure that we're only talking one at a time.</p> <p>18 Okay?</p> <p>19 A Sounds good.</p> <p>20 Q So even if you know what I'm going to</p> <p>21 say -- and it's quite predictable -- let me finish it</p> <p>22 before you start your answer, and if I ask another</p> <p>23 question on top of your answer and you weren't done,</p> <p>24 you tell me you weren't done, and we'll let you</p> <p>25 finish. Okay?</p>
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<p style="text-align: right;">Page 6</p> <p>1 A Cool.</p> <p>2 Q We'll take frequent breaks, but if, for</p> <p>3 some reason you want to take a break, you tell me,</p> <p>4 and I'll finish whatever line of questioning I'm</p> <p>5 pursuing at that time, and then we'll take a break.</p> <p>6 Okay?</p> <p>7 A Okay.</p> <p>8 Q So you haven't had your deposition taken</p> <p>9 before, but this is what they call a 30(b)(6)</p> <p>10 deposition, and what it is is it's a deposition on</p> <p>11 topic, and I present the other side with a list of</p> <p>12 topics I'm interested in, and they present the</p> <p>13 witnesses to testify to those.</p> <p>14 Talking to your lawyer off the record,</p> <p>15 it's my understanding that you are prepared today to</p> <p>16 be the corporate representative on topics two, three,</p> <p>17 four, six and seven; is that correct?</p> <p>18 A Yes.</p> <p>19 Q Okay. Let's get started then.</p> <p>20 What is your current position?</p> <p>21 A I'm the general manager and the DJ.</p> <p>22 Q And how long have you been the general</p> <p>23 manager and DJ?</p> <p>24 A Since 2004.</p> <p>25 Q Have you held any other position with the</p>	<p style="text-align: right;">Page 8</p> <p>1 Q When did you become DJ or when did you</p> <p>2 take on DJ responsibilities?</p> <p>3 A DJ was -- honestly I can't remember.</p> <p>4 Q Did you take on the DJ duties at the same</p> <p>5 time you took the general manager duties?</p> <p>6 A No. I started DJing first.</p> <p>7 Q And you've been general manager since</p> <p>8 2004?</p> <p>9 A Yes.</p> <p>10 Q And as general manager, you report to</p> <p>11 C.B. Jones; is that right?</p> <p>12 A Yes.</p> <p>13 Q Do you report to anyone other than C.B.</p> <p>14 Jones?</p> <p>15 A No.</p> <p>16 Q And are there any management level</p> <p>17 employees between you and the other people that work</p> <p>18 at the club?</p> <p>19 A No.</p> <p>20 Q And what other positions or job titles</p> <p>21 other than dancer are there at the club? You</p> <p>22 mentioned some that you performed.</p> <p>23 So there's dancers, correct?</p> <p>24 A Yes.</p> <p>25 Q There's bartenders?</p>
<p style="text-align: right;">Page 7</p> <p>1 defendant?</p> <p>2 A Yes. I've been there 17 years. I've</p> <p>3 been a dancer, a bartender, a waiter, door. Every</p> <p>4 job there, I've been.</p> <p>5 Q And as general manager and DJ, who is</p> <p>6 your boss?</p> <p>7 A C.B. Jones.</p> <p>8 Q And how long has Mr. Jones been your</p> <p>9 boss?</p> <p>10 A I guess 17 years.</p> <p>11 Q How long were you a dancer?</p> <p>12 A I was a dancer for two and a half years.</p> <p>13 Q How long were you a bartender?</p> <p>14 A Not very long. Six months.</p> <p>15 Q Okay. How about a waiter?</p> <p>16 A About the same.</p> <p>17 Q How long were you on the door, a doorman?</p> <p>18 A I worked VIP door probably about six</p> <p>19 months.</p> <p>20 Q And what job did you have first?</p> <p>21 A Dancer.</p> <p>22 Q And you went from dancer to what?</p> <p>23 A Dancer, bartender. I worked the door,</p> <p>24 VIP door, waited tables. I kind of did whatever they</p> <p>25 needed me for.</p>	<p style="text-align: right;">Page 9</p> <p>1 A Waiters, VIP door, front door, security,</p> <p>2 shooter boys, bathroom valet.</p> <p>3 Q Are there any other job positions that</p> <p>4 operate at the club other than the ones you've</p> <p>5 listed?</p> <p>6 A No.</p> <p>7 Q You have a bookkeeper?</p> <p>8 A Well, she wouldn't necessarily -- she's</p> <p>9 not really in the club.</p> <p>10 Q Not just -- I don't want to limit it to</p> <p>11 just people that necessarily physically work in the</p> <p>12 club or are there every night or whatever. Just</p> <p>13 people that work for the club?</p> <p>14 A Right.</p> <p>15 Q You have a bookkeeper.</p> <p>16 A We have our bookkeeper, handy man,</p> <p>17 cleaning crew, light and sound guy.</p> <p>18 Q Who else? Can you think of anyone else</p> <p>19 that you -- that work for the club?</p> <p>20 A I mean, you have your accountant.</p> <p>21 Q Do you have a human resource person?</p> <p>22 A No.</p> <p>23 Q Do you have a legal department?</p> <p>24 MR. SCHLANGER: It's sitting here.</p> <p>25 BY MR. LUKAS:</p>

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<p>1 Q Sitting way at the end of the table?</p> <p>2 A There's Herb down there.</p> <p>3 Q Mr. Schlanger.</p> <p>4 How about IT? Do you have any IT people</p> <p>5 that do your technology?</p> <p>6 A We have a company that we hire to do our</p> <p>7 advertising and stuff and our web pages.</p> <p>8 Q Who works with them to -- for the content</p> <p>9 of the web page and advertising?</p> <p>10 A I do.</p> <p>11 Q And why don't you give me a sense of the</p> <p>12 general -- I think I understand the general lay out</p> <p>13 of the club.</p> <p>14 As I understand it, there's a main stage</p> <p>15 with a lot of seating on what you call the floor, the</p> <p>16 main floor; is that right?</p> <p>17 A Yes.</p> <p>18 Q And then why don't you describe for me</p> <p>19 physically how the club is laid out.</p> <p>20 A You have your main stage, your main</p> <p>21 floor, and then you have a little door that goes back</p> <p>22 into a VIP lounge with your private rooms.</p> <p>23 That's basically it. Then you've got a</p> <p>24 dressing room, a few bathroom and bars.</p> <p>25 Q The VIP lounge -- so the VIP lounge is a</p>	<p>1 A Seven.</p> <p>2 Q And are there doors that physically</p> <p>3 separate the rooms from the lounge?</p> <p>4 A No.</p> <p>5 Q So those are -- it's like an open entry</p> <p>6 way, or how does it -- how does it fit?</p> <p>7 A It has a little opening, and you walk</p> <p>8 into the room, and there would be a couch in there.</p> <p>9 Q And so let's talk about what's in the VIP</p> <p>10 rooms.</p> <p>11 Is it just a couch?</p> <p>12 A Couch and table.</p> <p>13 Q And how about physically what's in the</p> <p>14 VIP lounge?</p> <p>15 A You have a stage back there, bar stools,</p> <p>16 tables. Actually let me retract. We don't have any</p> <p>17 tables. We have a few couches, bar stools and a</p> <p>18 stage.</p> <p>19 Q Smaller stage than the main stage, I</p> <p>20 presume?</p> <p>21 A Yes.</p> <p>22 Q How big is the stage back there?</p> <p>23 A Stage is 8 feet by 10.</p> <p>24 Q And how many dancers do you typically</p> <p>25 have on that stage at a time?</p>
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<p>1 door so people in the main area can't see into the</p> <p>2 VIP lounge?</p> <p>3 A There's a space where the back bar is,</p> <p>4 and it's a cut through. So you can see through the</p> <p>5 bar into the VIP lounge.</p> <p>6 Q And the people in the VIP lounge can see</p> <p>7 out into the main floor?</p> <p>8 A Yes, sir.</p> <p>9 Q Is the VIP lounge elevated in some</p> <p>10 respect or --</p> <p>11 A No.</p> <p>12 Q And there's a separate bar in the back of</p> <p>13 the VIP lounge -- or in the VIP lounge?</p> <p>14 A No.</p> <p>15 Q They share the same bar?</p> <p>16 A Yes.</p> <p>17 Q And is the VIP lounge physically</p> <p>18 separated from the bar, or can you get to the bar</p> <p>19 while you're in the VIP lounge?</p> <p>20 A You can get to the bar while you're in</p> <p>21 the VIP lounge.</p> <p>22 Q And then you say within the VIP lounge is</p> <p>23 the VIP rooms; is that right?</p> <p>24 A Yes, sir.</p> <p>25 Q And how many of those are there?</p>	<p>1 A One.</p> <p>2 Q And how about the main stage? How many</p> <p>3 dancers do you have on the main stage?</p> <p>4 A Depends on the night.</p> <p>5 Q How about the most dancers you have?</p> <p>6 A Six.</p> <p>7 Q And when does that happen that you have</p> <p>8 six?</p> <p>9 A Friday or Saturday night.</p> <p>10 Q And it goes -- what's the range? From</p> <p>11 six to -- what -- one? Is it on occasion you have</p> <p>12 one dancer on the main stage?</p> <p>13 A Yes.</p> <p>14 Q And when would that be?</p> <p>15 A In the beginning of the night.</p> <p>16 Q And what are the clubs hours?</p> <p>17 A Club opens at 6:30. Last call is at</p> <p>18 2:45.</p> <p>19 Q And that's --</p> <p>20 A I'm sorry. The last call is 2:25. We</p> <p>21 kick everybody out at 2:45 or ask everybody to leave.</p> <p>22 Q And is that -- that's Monday through</p> <p>23 Sunday or seven days a week?</p> <p>24 A That's Monday through Saturday.</p> <p>25 Q Do you work all those hours?</p>

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<p>1 A No.</p> <p>2 Q When you're not there, who has the</p> <p>3 managerial responsibility?</p> <p>4 A I have an assistant manager now, and he's</p> <p>5 my other DJ, and that's August Caudle.</p> <p>6 Q How do you spell August's last name?</p> <p>7 A The same as her last name.</p> <p>8 Q I'm sorry. There's a relation I take it?</p> <p>9 A Yes.</p> <p>10 Q What's the relation?</p> <p>11 A That's his mom.</p> <p>12 Q And how long has August been in the</p> <p>13 assistant manager position, best guess?</p> <p>14 A About three or four months.</p> <p>15 Q Okay. And prior to August taking that</p> <p>16 role, who would be in charge when you weren't</p> <p>17 working?</p> <p>18 A I had a bar manager.</p> <p>19 Q And who was the bar manager?</p> <p>20 A It was Billy Sandberg.</p> <p>21 Q Is Billy still with the club?</p> <p>22 A No.</p> <p>23 Q How long was Billy with the club?</p> <p>24 A Seven years.</p> <p>25 Q And why did Billy leave?</p>	<p>1 A Her son was.</p> <p>2 Q And what was her son's position at the</p> <p>3 time?</p> <p>4 A DJ.</p> <p>5 Q I see. I noticed on the web page it said</p> <p>6 something about -- with respect to the Fort</p> <p>7 Lauderdale club, it said Matt is back?</p> <p>8 A Yes.</p> <p>9 Q What is -- what is that about?</p> <p>10 A Because I have a -- I've been doing this</p> <p>11 a long time. I have a following. People, customers,</p> <p>12 dancers appreciate me being there. They actually</p> <p>13 come back to work. The dancers come back to work and</p> <p>14 customers come back to the club.</p> <p>15 Q And when it says Matt is back, what does</p> <p>16 that mean? Do you just -- is that something new?</p> <p>17 A I fly back and forth to both clubs right</p> <p>18 now. So I'm working both clubs.</p> <p>19 Q I see. How often do you do that?</p> <p>20 A Every week. I just flew in from Fort</p> <p>21 Lauderdale last night.</p> <p>22 Q So do you have a typical schedule, or</p> <p>23 does it change every night?</p> <p>24 A I work Thursday, Friday and Saturday in</p> <p>25 Atlanta, and I'm in Fort Lauderdale Sunday through</p>
Page 15	Page 17
<p>1 A Billy left because I had to let his</p> <p>2 partner go. So he got upset.</p> <p>3 Q I see. His partner was an entertainer?</p> <p>4 A His partner was a door guy.</p> <p>5 Q A door guy.</p> <p>6 And who was that?</p> <p>7 A That was Michael Leech.</p> <p>8 Q Have you -- was that, again, this same</p> <p>9 time period? This three months ago, approximately?</p> <p>10 A It was a little bit longer.</p> <p>11 Q And back when Billy was doing those</p> <p>12 responsibilities, how often would Billy be</p> <p>13 responsible for what was going on in the club versus</p> <p>14 the time that you were working?</p> <p>15 A Honestly --</p> <p>16 Q I guess the better way to ask it is: How</p> <p>17 often were you not working?</p> <p>18 A I work Tuesday, Thursday, Friday and</p> <p>19 Saturday.</p> <p>20 Q So Billy was in charge on Wednesdays?</p> <p>21 A Billy was supposed to be in charge on</p> <p>22 Monday and Wednesday. Then I found out later that he</p> <p>23 wasn't showing up. He was opening the door and then</p> <p>24 leaving.</p> <p>25 Q Who was running the place?</p>	<p>1 Wednesday.</p> <p>2 Q And how long has that been going on?</p> <p>3 A It's been going on two months. June --</p> <p>4 end of June, July and now August.</p> <p>5 Q And I take it from the fact that they are</p> <p>6 saying Matt is back, that, at some point in time</p> <p>7 previously, you were the general manager of that</p> <p>8 location?</p> <p>9 A I had moved down to -- down there in 2011</p> <p>10 to open our North Miami Beach location.</p> <p>11 Q And how long were you there?</p> <p>12 A I was down there ten months.</p> <p>13 Q And during that ten months, were you</p> <p>14 running just that club, or were you doing this</p> <p>15 commuting?</p> <p>16 A I was just running that club.</p> <p>17 Q And who was running Swinging Richards at</p> <p>18 the time in Atlanta?</p> <p>19 A Neal.</p> <p>20 MS. MURPHEY: Just answer what you</p> <p>21 know.</p> <p>22 THE WITNESS: Neal. I don't know</p> <p>23 his last name. Some big British guy.</p> <p>24 BY MR. LUKAS:</p> <p>25 Q If the name comes to you as we're</p>

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<p>1 talking, just blurt it out.</p> <p>2 A I have no clue what his last name is.</p> <p>3 Q Okay. So back in 2011, Neal was the</p> <p>4 general manager of the club?</p> <p>5 A Yes.</p> <p>6 Q And I take it Neal is no longer with the</p> <p>7 club?</p> <p>8 A No.</p> <p>9 Q And was Neal hired at the -- so that you</p> <p>10 could go and open that club, or was Neal already an</p> <p>11 employee at the time?</p> <p>12 A No. Neal wasn't -- Neal was hired</p> <p>13 further down the road after I had been in North Miami</p> <p>14 Beach for a while.</p> <p>15 Q So was there a period -- who was running</p> <p>16 the club when Neal wasn't there and you were in Fort</p> <p>17 Lauderdale?</p> <p>18 A They had Billy.</p> <p>19 Q I see. And was Neal terminated?</p> <p>20 A Yes.</p> <p>21 Q Why?</p> <p>22 A Because he ran the club into the ground.</p> <p>23 Q And so when did you return then?</p> <p>24 A I returned January 2013.</p> <p>25 Q So kind of working off this time line, if</p>	<p>1 BY MR. LUKAS:</p> <p>2 Q What did he tell you about why he thought</p> <p>3 that?</p> <p>4 A He had a meeting -- meeting with me and</p> <p>5 my partner and told us that he thought we were trying</p> <p>6 to turn a fondue restaurant into a male strip club</p> <p>7 and open against him?</p> <p>8 Q In Fort Lauderdale?</p> <p>9 A In North Miami Beach.</p> <p>10 Q And who is your partner?</p> <p>11 A Chris Smith.</p> <p>12 Q Does Mr. Smith work at the club?</p> <p>13 A Not anymore.</p> <p>14 Q Did he previously?</p> <p>15 A He worked at the club when we were at</p> <p>16 North Miami Beach. That was -- C.B. had asked us to</p> <p>17 both work together. So he handled the office, and I</p> <p>18 handled the club.</p> <p>19 Q Does Mr. Smith currently work with the</p> <p>20 defendant?</p> <p>21 A Right now he's working two days a week in</p> <p>22 the office down there, but he has a full-time job.</p> <p>23 Q And what does he do down there in the</p> <p>24 office those two days?</p> <p>25 A Cleaning up the mess that we got down</p>
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<p>1 you returned in January of 2013 and you believe you</p> <p>2 were there about ten months, you started probably</p> <p>3 early 2012 instead of 2011?</p> <p>4 A No. No. I parted ways for a while.</p> <p>5 Q Oh, you did. Okay. When was that period</p> <p>6 of time in which you parted ways?</p> <p>7 A I left in July of 2012.</p> <p>8 Q And how long were you gone?</p> <p>9 A Until 2000 -- January 2013.</p> <p>10 Q And when you left in July of 2012, you</p> <p>11 were working at the Fort Lauderdale location at the</p> <p>12 time?</p> <p>13 A Yes.</p> <p>14 Q And why did you leave?</p> <p>15 A We had a disagreement.</p> <p>16 Q You and Mr. Jones?</p> <p>17 A Yes.</p> <p>18 Q What was the disagreement?</p> <p>19 A He thought I was trying to open the club</p> <p>20 against him, and I told him I wasn't.</p> <p>21 Q Were you?</p> <p>22 A No.</p> <p>23 Q Why did he think that?</p> <p>24 MS. MURPHEY: Objection. Form of</p> <p>25 the question.</p>	<p>1 there, too. Just paying bills, get everything</p> <p>2 organized.</p> <p>3 Q When you say mess, what do you mean by</p> <p>4 mess?</p> <p>5 A The manager that was there before never</p> <p>6 showed up to work. So he kind of left everything in</p> <p>7 a mess.</p> <p>8 Q How long do you plan on doing this</p> <p>9 commute from club to club?</p> <p>10 A I don't know. I guess not too much</p> <p>11 longer. They only want to keep the club open two</p> <p>12 more weeks.</p> <p>13 Q I see. The club is going to close?</p> <p>14 A The club is for sale.</p> <p>15 Q I see. And then, at that point, is it</p> <p>16 your intention to come back here and work full-time</p> <p>17 here in Atlanta?</p> <p>18 A No.</p> <p>19 Q What's your plan?</p> <p>20 A Plan is to have the club fly me back and</p> <p>21 forth, and I'll spend more time in Fort Lauderdale.</p> <p>22 Q Even after the sale of the club?</p> <p>23 A Even after the sale. I'm over Atlanta.</p> <p>24 Q So you want to live in North Miami Beach?</p> <p>25 A Fort Lauderdale, yes.</p>

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<p>1 Q Fort Lauderdale. So on a -- let's talk 2 about -- I understand that the operation of the club 3 as far as how many people you have working and 4 whatnot depends on the night or the day of the week, 5 basically, right? 6 A Yes. 7 Q Let's talk about -- and your busiest 8 nights are Friday and Saturday night? 9 A Yes. 10 Q What's your deadest or slowest night? 11 A Slowest night is Monday. 12 Q Let's talk about a Monday then. 13 On a Monday, how many bartenders do you 14 have staffed? 15 A One. 16 Q How many waiters? 17 A We don't have a waiter on Monday. 18 Q How about VIP door? 19 A One. 20 Q How about front door? 21 A One. 22 Q Is that the same person or two different 23 people? 24 A Two different people. 25 Q How about security?</p>	<p>1 A Three. 2 Q How many VIP door? 3 A We have one and a security person. 4 Q How many front door? 5 A One. 6 Q Is the VIP door, front door and security 7 person three separate people? 8 A Yes. 9 Q Okay. Shooter boys? 10 A None. 11 Q You don't have any shooter boys on sight? 12 A I don't have any shooter boys right now. 13 Q Okay. How long has it been that you 14 haven't had shooter boys? 15 A Probably about six months. 16 Q I see. And when you had them, how many 17 of them would you have on a Saturday night? 18 A Two. 19 Q Is there a reason you don't have shooter 20 boys anymore? 21 A I haven't had any good ones apply. 22 Q Bathroom valet on Saturday night? 23 A Yes. 24 Q One? 25 A One.</p>
Page 23	Page 25
<p>1 A No. 2 Q How about shooter boys? 3 A None. 4 Q How about bathroom valet? 5 A No. 6 Q How about -- DJ I assume would be you 7 or -- 8 A August. 9 Q August? Any other employees working on 10 Monday nights? 11 A No. 12 Q So you have basically one bar -- you, one 13 bartender, VIP door, front door, and that's it? 14 A That's it. 15 Q And how many dancers do you have on a 16 Monday night? 17 A Normally, on a Monday night, we have 18 anywhere from ten to 15. 19 Q Okay. Let's talk about the busiest -- is 20 Friday or Saturday night the busiest night? 21 A Saturday. 22 Q Let's talk about a Saturday night. On a 23 Saturday night how, many bartenders do you have? 24 A Four. 25 Q How many waiters?</p>	<p>1 Q And there's a DJ, slash, general manager? 2 A Yes. 3 Q You or August, correct? 4 A Yes. 5 Q And August's title, by the way, is 6 assistant manager? 7 A Yes, and DJ. 8 Q Right, and how many dancers on a Saturday 9 night? 10 A Anywhere from 35 to 45. 11 Q What is -- what's the job of an 12 entertainer? What is their job? 13 A Make fantasy up. 14 Q Are they -- do you call them dancers, or 15 do you call them entertainers? 16 A Entertainers. 17 Q And how do they make fantasy happen? 18 A You have a lot of lonely people come in 19 there. It's, you know, not everybody is good at it. 20 You have to learn the job. It's -- you've got to 21 make somebody think that you're in love with them or 22 that you care for them and you have feelings for 23 them. There's a lot to it. 24 Q And how does an entertainer go about 25 making someone feel they have feelings for them?</p>

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<p style="text-align: right;">Page 26</p> <p>1 A I guess it's a lot of acting. It's a lot 2 of -- I mean, I've danced before, and it's -- I don't 3 even know how to explain it. 4 Q Well, is dancing part of it? Are they 5 supposed do dance? 6 A Dancing would be nice if they knew how 7 to, but most of them don't know how to. So it's -- 8 it's another -- it's another thing you need to learn 9 how to do, but -- 10 Q But it's not necessary to do the job? 11 A No. 12 Q So what is necessary to do the job? You 13 say it's something that you have to learn how to do? 14 A Yes. 15 Q And you were a dancer. What did you have 16 to learn to be an effective dancer? 17 A I mean -- 18 Q Or sorry. Entertainer? 19 A You're bringing in costumes and, you 20 know, I guess you're trying -- you're trying to make 21 somebody fall in love with you; because once somebody 22 has fallen in love with you, they want to see you 23 every day, and they want to spend more money. 24 It's an act; because when you leave work, 25 it stays and work.</p>	<p style="text-align: right;">Page 28</p> <p>1 A I'm sorry. Yes. 2 Q She -- you and I know what you're saying 3 but she has to write an actual word down. 4 A She's typing he's shaking his head yes. 5 Q Is that something you train the 6 entertainers to do or they either know how to do it 7 and make money, or they don't? 8 A I try to train them. I definitely want 9 to give them pointers, and, you know, you get good 10 ones that come in and I want to help them all that I 11 can because I've been in the business a while, but it 12 is something that you have to learn, and not 13 everybody is good at it. Not everybody makes it as 14 an entertainer and quits. 15 Q And let's talk about when you are trying 16 to -- let's say there's an entertainer that you think 17 has promise and you want to help them along. What is 18 it you teach them, or what do you train them on? 19 A How to dress. They need to work on their 20 appearance, how to dance on stage and looking at the 21 customers in the eyes, how to talk to a customer. 22 Q What do you tell them about how to talk 23 to a customer? 24 A To engage in the conversation. Ask them 25 questions about where are they from. What do they do</p>
<p style="text-align: right;">Page 27</p> <p>1 Q So they are not -- the entertainers 2 aren't really in love with the customers? 3 A No. 4 Q They just want the customers to believe 5 they are? 6 A Yes. 7 Q And it's their job to make the customers 8 believe that there's an emotional connection there 9 between the entertainer and the customer? 10 A Yes. 11 Q And they do that by what? How do they do 12 that? 13 A Talking, getting them in-depth 14 conversation, talking about life, talking about stuff 15 in general, you know, asking where they are from, 16 about family, getting, you know, a little in-depth 17 into their -- I don't know -- their general life. 18 Q So basically forming a relationship? 19 A Yes. 20 Q And the best way to do that is through 21 talking with them in-depth? 22 A Yes. 23 Q And so the entertainer's job is to engage 24 the customer in conversation? 25 I'm sorry. You need to answer yes.</p>	<p style="text-align: right;">Page 29</p> <p>1 for a living. Make the customer feel comfortable 2 with them. 3 Q So the successful entertainers are the 4 ones that establish these relationships and then 5 cultivate them. Remember things they've learned 6 about these people and engage them in conversation 7 and so forth? 8 A Yes. 9 Q It sounds like sales to me. 10 Would that be a fair characterization of 11 the position, a sales position? 12 A No. No, it wouldn't. 13 Q Okay. Why is it different than a sales 14 position? 15 A Because sales would ruin it, and I tell 16 them straight up. If you go in for a sale and you 17 tell them let's do a table dance, let's do a VIP 18 room, you'll ruin it. That customer will feel he's 19 getting hustled and leave. 20 Q The customer will figure out that there 21 isn't a real connection there and that entertainer 22 would be less successful overall? 23 A Yes. 24 Q So you -- when you're teaching these 25 entertainers, you teach them not to be too pushy</p>

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<p style="text-align: right;">Page 30</p> <p>1 about the actual dances and VIP room and that sort of</p> <p>2 thing; is that right?</p> <p>3 A Yes.</p> <p>4 Q Is it smart or is it effective for an</p> <p>5 entertainer then to leave that to the customer to</p> <p>6 bring up? Is that what you train your entertainers</p> <p>7 to do?</p> <p>8 A Eventually the customer will bring it up</p> <p>9 and, you know, it just happens over time.</p> <p>10 Q One thing I'm curious about is do you</p> <p>11 have any sense of what percentage of your customers</p> <p>12 generate what percentage of your revenue?</p> <p>13 Do you know what I mean by that?</p> <p>14 A Yes, I know what you mean by that.</p> <p>15 Q I imagine you have some folks that come</p> <p>16 in and it's basically a peep show, and they sit in</p> <p>17 the chair and watch, right?</p> <p>18 A Yes.</p> <p>19 Q Not spend a dime, maybe buy a drink or</p> <p>20 something, right?</p> <p>21 A Yes.</p> <p>22 Q And you have others that come in, give</p> <p>23 dancers money, ask for table dances, go into the VIP</p> <p>24 lounge, go in the VIP rooms, right?</p> <p>25 A Yes.</p>	<p style="text-align: right;">Page 32</p> <p>1 Q So going back to what you train these</p> <p>2 folks. You taught them -- you suggest they get to</p> <p>3 know them. Are you suggesting you get to know them</p> <p>4 for repeat business or for that night or for that</p> <p>5 occasion?</p> <p>6 A Both.</p> <p>7 Q Both. And how is it that you train or an</p> <p>8 effective entertainer approaches a customer?</p> <p>9 A When he gets done off stage, go over</p> <p>10 there and say thank you.</p> <p>11 Q So it starts on the main stage,</p> <p>12 basically?</p> <p>13 A Yes.</p> <p>14 Q And when you say go and say thank you, go</p> <p>15 and say thank you to the people that gave the money</p> <p>16 while they were up on stage?</p> <p>17 A Yes.</p> <p>18 Q And maybe I should backtrack a little</p> <p>19 bit. How does that work.</p> <p>20 Does -- do you have some kind of rotation</p> <p>21 with respect to your dancers as to where you expect</p> <p>22 them to be?</p> <p>23 A Depending on what time they come in,</p> <p>24 they'll put their name up when they are ready, or if</p> <p>25 they're -- they'll come in. They'll sit in the back</p>
<p style="text-align: right;">Page 31</p> <p>1 Q And those are the folks that make money</p> <p>2 for the -- or generate more money for the club; is</p> <p>3 that right?</p> <p>4 A Yes.</p> <p>5 Q Do you have any sense as to -- you know,</p> <p>6 is it 10 percent of your customers generate</p> <p>7 90 percent of your revenue or anything like that</p> <p>8 or --</p> <p>9 A I have no clue.</p> <p>10 Q Have you ever tried to think about that</p> <p>11 or figure that out?</p> <p>12 A No.</p> <p>13 Q Is there a core group of customers,</p> <p>14 repeat customers that generate a substantial part of</p> <p>15 the club's revenue?</p> <p>16 A We do have a lot of regular customers,</p> <p>17 but, you know, honestly, our regular customers aren't</p> <p>18 the ones taking people back to VIP.</p> <p>19 Q So the regulars aren't taking people back</p> <p>20 to VIP?</p> <p>21 A There are a few, but the majority of</p> <p>22 them, no.</p> <p>23 Q Who are the ones taking entertainers back</p> <p>24 to VIP?</p> <p>25 A That random customer.</p>	<p style="text-align: right;">Page 33</p> <p>1 for an hour or eat, but then they put their name up</p> <p>2 when they're ready, and then I just kind of go down</p> <p>3 the board, and that's who is on the list to go up.</p> <p>4 Q And when you say go up, how does that</p> <p>5 work? So they start on the main stage I presume?</p> <p>6 A Yes.</p> <p>7 Q And how many songs do they dance on the</p> <p>8 main stage?</p> <p>9 A Three songs.</p> <p>10 Q And where do they go from the main stage?</p> <p>11 A Once their set is over, a new set comes</p> <p>12 up, and they come down. They are free to wander the</p> <p>13 floor and do whatever they want.</p> <p>14 Q That's when they can go and have that</p> <p>15 engagement that you described as being an effective</p> <p>16 entertainer?</p> <p>17 A Yes.</p> <p>18 Q But they are not required to wander the</p> <p>19 floor? They can just go back and --</p> <p>20 A Sit in the dressing room and play video</p> <p>21 games.</p> <p>22 Q But that would not be an effective</p> <p>23 entertainer, I take it?</p> <p>24 A No.</p> <p>25 Q Does the club have a dance coordinator on</p>

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<p>1 staff or some -- you know, do you give dance training 2 or anything like that? 3 A No. 4 Q How about a choreographer? 5 A No. 6 Q You don't teach dance or choreography or 7 anything like that? 8 A I try to help them a little bit, you 9 know, and play a little slower music for the first 10 couple of times, but, no, not really. It's something 11 they'll have to feel out themselves or learn 12 themselves. 13 Q When you say play a little slower music, 14 it's easier for someone who can't dance to slow 15 music? 16 A Yes. It's easier to dance to R&B music 17 than it is to house music. 18 Q Kind of like I wait for the slow song at 19 a wedding to grab my wife because all I have to do is 20 stand there and hold her, basically? 21 A There you go. 22 Q Okay. It isn't a situation where there 23 are planned skits or choreographed skits or 24 performances, correct? The dancer just comes out on 25 stage and dances?</p>	<p>1 A First song is just the shirt off. 2 Q If they have a shirt? 3 A If they have a shirt, yes. 4 Q Okay. And then what about the second 5 congress? 6 A Second song they are down to their 7 underwear. 8 Q Okay. And then the third song? 9 A Third song they are completely nude. 10 Q But they are not required to have any 11 original dance moves, correct? 12 A No. 13 Q And they can do the job and be very 14 successful without having original dance moves, 15 correct? 16 A Yes. 17 Q And they are not required to have any 18 kind of original costume, correct? 19 A Yes. 20 Q Or any kind of original choreography? 21 A No. 22 Q They are not required to invent any dance 23 moves or anything like that or choreography? 24 A No. 25 Q What's more important for a dancer or for</p>
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<p>1 A That's up to them. I mean, there are 2 dancing that do come up and put skits on and wear 3 customs. That's because they are using their own 4 imagination. It's not because somebody has told them 5 to. 6 Q They are not required to do that to do 7 the job? 8 A No. 9 Q And the club doesn't require that they 10 purchase certain costumes? 11 A No. 12 Q What does the club require them to wear? 13 A At least two articles of clothing. 14 Q Is that the only rule, two articles of 15 clothing? 16 A Yes. 17 Q And what are those two articles? 18 A At least a pair of underwear or a pair of 19 jeans or shorts. 20 Q They don't have to wear a shirt or 21 anything on top to start? 22 A No. 23 Q And as I understand it from the website. 24 Of that three-song set, the first song they are 25 supposed to keep all of their clothes on?</p>	<p>1 an entertainer that they be very attractive or that 2 they can dance? 3 A That they be very attractive. 4 Q So if someone can't dance but they are 5 extremely attractive, they can be an effective 6 entertainer? 7 A Could be. 8 Q Again, it would depend on how good they 9 are at the skills that -- or at achieving the goals 10 that you described for me earlier? 11 A Yes. 12 Q Does the club have times in which they 13 have a choreographed dance or coordinated kind of 14 performance with the dancers? 15 A No. 16 Q I saw something about a midnight review. 17 What's midnight review? 18 A A midnight review is when they do a 19 T-shirt review. 20 Q What does that mean? 21 A Give them T-shirts with the company's 22 logo on them, and then we put them on stage. Tell 23 them for \$20 the customer gets two table dances and a 24 swinging Richards T-shirt. 25 Q You put all the dancers on stage at the</p>

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<p>1 same time?</p> <p>2 A We attempt to.</p> <p>3 Q Depending on -- well, on these nights, do</p> <p>4 you have -- I assume these reviews are just on your</p> <p>5 busy nights?</p> <p>6 A Honestly it's a Friday and Saturday</p> <p>7 thing. We haven't done it in about a year.</p> <p>8 Q Okay. So it's not common?</p> <p>9 A No. No. It just -- you know, it's</p> <p>10 something that happens in female establishments</p> <p>11 because female establishments have more customers</p> <p>12 that are out-of-towners. When you're in the gay</p> <p>13 business, most of your people are -- 75 percent of</p> <p>14 them are here, and they've been here, and they've</p> <p>15 bought that item already. So you can't just keep</p> <p>16 selling that item because they have nine of them in</p> <p>17 their closet already.</p> <p>18 Q So would it be fair to say that because</p> <p>19 of the genre, the gay club or the male gay genre at</p> <p>20 this club, that your customers -- you have more</p> <p>21 repeat customers than in a female strip club?</p> <p>22 A Yes.</p> <p>23 Q So it would be more important for -- and</p> <p>24 at least, in your opinion, more important for these</p> <p>25 entertainers to do that to establish those</p>	<p>1 A Yes.</p> <p>2 Q Okay. And the customer hands the</p> <p>3 entertainer the ten dollars; is that right?</p> <p>4 A Yes.</p> <p>5 Q Do they hand them the ten dollars before</p> <p>6 or after the dance?</p> <p>7 A I -- it's -- it's different. Some</p> <p>8 dancers do it before, some dancers do it at the end</p> <p>9 of the dance.</p> <p>10 Q I see. So it's up to the dancer at that</p> <p>11 point as to when they collect the money?</p> <p>12 A Yes.</p> <p>13 Q And it could be more than ten dollars,</p> <p>14 right?</p> <p>15 A Yes.</p> <p>16 Q But it has to be at least ten?</p> <p>17 A Yes.</p> <p>18 Q And describe for me a table dance. What</p> <p>19 does a table dance entitle or involve?</p> <p>20 A Them getting naked. Dancing on the</p> <p>21 outside of their knees for a song.</p> <p>22 Q So the customers sits in a chair, sort of</p> <p>23 spreads his legs, and then they dance, like, within</p> <p>24 the knees?</p> <p>25 A Yes. It's supposed to be on the outside</p>
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<p>1 relationships in the way that you described that is</p> <p>2 important to be a successful entertainer?</p> <p>3 A Yes.</p> <p>4 Q Is there any difference in the job that</p> <p>5 they perform on the stage than they perform for a</p> <p>6 floor -- a main floor table dance?</p> <p>7 A I don't really understand the question.</p> <p>8 Q Okay. So they do these three songs.</p> <p>9 Let's just sort of follow them through the</p> <p>10 progression. They do these three songs on the main</p> <p>11 stage. Then they get off the stage and if they are</p> <p>12 an effective entertainer, they stay on the floor and</p> <p>13 walk around on the floor, right?</p> <p>14 A Yes.</p> <p>15 Q Okay. And then they hopefully were given</p> <p>16 money while they were on the main stage so that they</p> <p>17 have an in to sort of say thank you and kind of try</p> <p>18 to strike up a conversation with the customer, right?</p> <p>19 A Yes.</p> <p>20 Q And then, at that point, they would hope</p> <p>21 that the customer would be interested in a table</p> <p>22 dance; is that right?</p> <p>23 A Yes.</p> <p>24 Q And as I understand it, a table dance is</p> <p>25 at least ten dollars on the main floor, right?</p>	<p>1 of their knees.</p> <p>2 Q There's city ordinances on -- like on</p> <p>3 that, right?</p> <p>4 A Yes.</p> <p>5 Q There's not supposed to be any contact?</p> <p>6 A Right.</p> <p>7 Q And that's true for any dances throughout</p> <p>8 the club? VIP lounge or in any of the rooms there's</p> <p>9 not supposed to be --</p> <p>10 A There's not supposed to be any touching.</p> <p>11 Q And then how long does a table dance</p> <p>12 last?</p> <p>13 A One song.</p> <p>14 Q And then, at that point, what does --</p> <p>15 first of all, when the -- when the dancer comes off</p> <p>16 stage, do they put their clothes back on, or do they</p> <p>17 walk around nude?</p> <p>18 A Yes. They are required by law to put</p> <p>19 their clothes back on, or their underwear at least.</p> <p>20 The front and the back of it has to be covered.</p> <p>21 Q I'm sorry. The --</p> <p>22 A The crotch and the ass has to be covered.</p> <p>23 Q And is that typical then -- typically</p> <p>24 what the dancer does is just put the underwear back</p> <p>25 on?</p>

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<p>1 A Yes.</p> <p>2 Q And other than a table dance and</p> <p>3 conversation, is there anything else that occurs on</p> <p>4 the main floor that the dancer or the entertainer is</p> <p>5 responsible for, job duty?</p> <p>6 A No.</p> <p>7 Q So it's -- and then let's talk about the</p> <p>8 VIP lounge. You said you have one dancer at a time</p> <p>9 on the VIP lounge?</p> <p>10 A On the stage.</p> <p>11 Q On the stage. And --</p> <p>12 A On Friday and Saturdays.</p> <p>13 Q Okay. And that's part of the rotation</p> <p>14 then?</p> <p>15 A Yes.</p> <p>16 Q And then at least as you go through the</p> <p>17 rotation, does someone -- what -- go on the main</p> <p>18 stage, or is that a separate list.</p> <p>19 How do you decide who has to go when on</p> <p>20 that stage?</p> <p>21 A Call the first six up on the front, and</p> <p>22 number seven goes on the back.</p> <p>23 Q Okay. And when they are done -- and</p> <p>24 they, again, do three songs just like the main stage?</p> <p>25 A Yes.</p>	<p>1 A Yes.</p> <p>2 Q So at this point, so we've got the person</p> <p>3 comes off the main stage. They do -- let's say they</p> <p>4 do a floor/table dance for the ten dollars or</p> <p>5 whatever. Then, at that point, the customer could</p> <p>6 choose to go and do a VIP room with that dancer?</p> <p>7 A Yes.</p> <p>8 Q And that's something that the two of them</p> <p>9 discuss; that's right?</p> <p>10 A Yes.</p> <p>11 Q And an effective entertainer, as you</p> <p>12 described it, wouldn't give a hard sell or hard push</p> <p>13 on that? They'd --</p> <p>14 A They all have their ways of doing things.</p> <p>15 I mean, certain dancers it works for and certain</p> <p>16 dancers it doesn't.</p> <p>17 Q And I assume from the dancer's</p> <p>18 perspective you would want the customer -- that would</p> <p>19 be a goal, to get a customer to go into the VIP room;</p> <p>20 is that right?</p> <p>21 A Yes.</p> <p>22 Q And can -- first of all, how much does it</p> <p>23 cost for a customer to get into the VIP lounge?</p> <p>24 A Ten dollars.</p> <p>25 Q And if someone wants to go right from the</p>
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<p>1 Q And when they are done on the VIP lounge</p> <p>2 stage, what -- what do they do?</p> <p>3 A Get off, Mingle with customers. I</p> <p>4 mean --</p> <p>5 Q They are allowed to stay in the VIP area?</p> <p>6 A Stay in the lounge. Dancers are allowed</p> <p>7 to go in the lounge any time they want.</p> <p>8 Q I see. So there's a restrictions for</p> <p>9 customers. Customers have to pay a little extra to</p> <p>10 get into the VIP lounge?</p> <p>11 A Yes.</p> <p>12 Q But the entertainers can go from -- from</p> <p>13 any or all of those places?</p> <p>14 A Yes.</p> <p>15 Q So an entertainer could get off the main</p> <p>16 stage and go right into the VIP lounge?</p> <p>17 A Yes.</p> <p>18 Q And then, as I understand it, from the</p> <p>19 VIP lounge, the customer can see the main stage, as</p> <p>20 well?</p> <p>21 A Yes.</p> <p>22 Q But the customers in the main area can't</p> <p>23 see the VIP stage?</p> <p>24 A No.</p> <p>25 Q That's correct?</p>	<p>1 main floor to a room, do they have to pay that ten</p> <p>2 dollars to get through the door?</p> <p>3 A Yes. They pay in conjunction with the</p> <p>4 room cost.</p> <p>5 Q I see. And that's something they pay the</p> <p>6 dancer?</p> <p>7 A No. They pay our VIP door guy.</p> <p>8 Q So that -- what is it ten dollars?</p> <p>9 A Ten dollars for a wristband.</p> <p>10 Q And is that every night?</p> <p>11 A No.</p> <p>12 Q That's just the night that you have</p> <p>13 dancers on the VIP stage?</p> <p>14 A No. No. I mean, we -- there's a night</p> <p>15 in there -- I'm not really sure which one -- that we</p> <p>16 don't charge to go in the back.</p> <p>17 Q Is that sort of, like, a special or</p> <p>18 something that --</p> <p>19 A Yes.</p> <p>20 Q And -- but that door charge gets paid</p> <p>21 right to the VIP doorman?</p> <p>22 A To the -- it goes -- yes.</p> <p>23 Q And then regardless of where they started</p> <p>24 from, either in the VIP lounge or the floor and they</p> <p>25 are going into a room, then the -- does the customer</p>

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Page 46	Page 48
<p>1 pay the dancer for the room?</p> <p>2 A He pays the dancer in front of our VIP</p> <p>3 door guy, and then our VIP door guy keeps the money</p> <p>4 until the end of the night where the dancer collects</p> <p>5 it.</p> <p>6 Q And that's true whether it's cash or</p> <p>7 credit?</p> <p>8 A If it's credit, then a check is written</p> <p>9 24 hours later.</p> <p>10 Q But when it's cash and a room is going to</p> <p>11 be rented, the transaction occurs in front of the VIP</p> <p>12 door person?</p> <p>13 A Yes.</p> <p>14 Q But the money that's exchanged goes from</p> <p>15 the customer to the entertainer?</p> <p>16 A It goes from the customer to our VIP door</p> <p>17 guy, which holds it in an envelope until the end of the</p> <p>18 night, and then the dancer gets it from them.</p> <p>19 Q I see. And what if the customer -- as I</p> <p>20 understand it, the customer -- there's a minimum the</p> <p>21 customer has to pay for the VIP room; is that right?</p> <p>22 A Yes.</p> <p>23 Q And what are those rates?</p> <p>24 A Is this for the room or for the dancer?</p> <p>25 Q For the room?</p>	<p>1 Q So that 140 is what goes in the envelope?</p> <p>2 A No. No. 40 goes into the house for the</p> <p>3 rental of the room. 100 goes in the envelope for the</p> <p>4 dancer to collect at the end of the night.</p> <p>5 Q I see. So at that point, the money is</p> <p>6 separated? The \$40 is kept by the club just like the</p> <p>7 front door charge and any other money collected</p> <p>8 during the night, but the \$100 goes into an envelope</p> <p>9 for that specific entertainer?</p> <p>10 A Yes.</p> <p>11 Q And the credit card transaction isn't any</p> <p>12 different other than it's all electronic and you have</p> <p>13 to end up cutting a check for the entertainer's</p> <p>14 portion -- what did you say -- a week later?</p> <p>15 A No. No, it's 24 hours.</p> <p>16 Q I read somewhere where the charges</p> <p>17 were -- here. Let me pull this and see. Also, if</p> <p>18 it's a -- if it's a credit card transaction -- again,</p> <p>19 if we're talking about the 100 versus the \$40,</p> <p>20 there's also a 10 percent charge on the \$100 that the</p> <p>21 dancer ends up getting in that check, right?</p> <p>22 A Yes.</p> <p>23 Q So they end up getting \$90?</p> <p>24 A We actually charge the customer</p> <p>25 20 percent. So if it's 100, we end up charging the</p>
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<p>1 A It's 40 for a 15-minute room. Sixty-five</p> <p>2 for a 30, and 125 for an hour.</p> <p>3 Q And is that what -- say -- let's talk</p> <p>4 about the 15 -- or the 15-minute one.</p> <p>5 That \$40 is what the customer hands the</p> <p>6 door person -- or hands the door person?</p> <p>7 A Yes.</p> <p>8 Q Well, first they hand them ten to get</p> <p>9 into the VIP room if they hadn't already done that?</p> <p>10 A Right.</p> <p>11 Q And then they hand them 40; is that</p> <p>12 right?</p> <p>13 A Yes.</p> <p>14 Q And then is that all they pay for the VIP</p> <p>15 room?</p> <p>16 A Plus the dancer. Yes, that's all they</p> <p>17 pay for the room, yes.</p> <p>18 Q How much do they pay for the dancer?</p> <p>19 A It's \$100 for 15 minutes.</p> <p>20 Q And do they give that \$100 to the door</p> <p>21 person, as well?</p> <p>22 A Yes?</p> <p>23 Q So in that scenario, it's at least \$100?</p> <p>24 A It's -- \$100 is what we require them to</p> <p>25 pay. If they give anything more, it's a tip.</p>	<p>1 customer 110. So they get a 99-dollar check. So</p> <p>2 it's closer to the amount that originally was</p> <p>3 supposed to get paid.</p> <p>4 Q I see. So the credit card -- some of</p> <p>5 that 10 percent is charged to the customer?</p> <p>6 A Yes.</p> <p>7 Q So the customer is charged 20 percent for</p> <p>8 credit card?</p> <p>9 A Yes.</p> <p>10 Q And then the dancer is charged ten?</p> <p>11 A And it's -- what we do is charge</p> <p>12 10 percent, but then it's explained to the customer</p> <p>13 right then and there that if you -- if it's</p> <p>14 10 percent taken out, the dancer is going to get a</p> <p>15 check for \$90. So it's a lot of talk between the VIP</p> <p>16 door and the dancer with the customer to charge the</p> <p>17 20 percent. That way the dancer gets closer to the</p> <p>18 hundred-dollar fee.</p> <p>19 Q So that's discretionary? The customer</p> <p>20 doesn't have to pay the 20 percent?</p> <p>21 A Yes. If the customer doesn't want to</p> <p>22 have to pay that, no.</p> <p>23 Q Oh, I see. So the customer has to pay --</p> <p>24 A The 10 percent.</p> <p>25 Q The customer pays the 10 percent?</p>

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<p>1 A The customer pays the 10 percent for the 2 surcharges.</p> <p>3 Q So the customer -- say on \$140 -- this 4 140-dollar charge, a customer pays 154, if they use a 5 credit card?</p> <p>6 A Honestly I can't tell you. I know he 7 pays 10 percent of the 100-dollar charge. They are 8 not -- I don't believe they are charged -- I don't 9 believe they are charging 10 percent for the 40 for 10 the room. It's just the cash.</p> <p>11 Q So they pay 150 for the 140-dollar room?</p> <p>12 A It would be 40 for the room, ten for 13 the -- ten for the wristband charge, one hundred to 14 the dancer, and then they get 10 percent, which is -- 15 I'd say it's another ten. So 160. Honestly I 16 couldn't tell you. I know what the charges are, 17 but --</p> <p>18 Q Well, who could tell me? I mean, you're 19 the guy, aren't you?</p> <p>20 A I'm not the guy that works the VIP door.</p> <p>21 Q So you don't know how -- what the VIP guy 22 does with respect to this 10 percent?</p> <p>23 A Well, I know that 10 percent goes to the 24 club, and it's written on our pink slips, and the 25 dancers -- but, no, they are supposed to only be</p>	<p>1 and pay an additional 10 percent on his end, then the 2 dancer -- you know, it equals it out more towards 3 \$100.</p> <p>4 Q I see, but that's a separate 5 conversation? That isn't mandatory? That's 6 something that could be talked about?</p> <p>7 A Right.</p> <p>8 Q Where the dancer goes, hey, man, I'm 9 going to get nicked 10 percent because you don't have 10 cash on you. Why don't you go use that ATM over 11 there, and they're like, well, I'll just pay the 12 difference or whatever, but that's a separate 13 conversation? It's not required?</p> <p>14 A Yes.</p> <p>15 Q Okay. And there is an ATM right in the 16 club, right?</p> <p>17 A Two.</p> <p>18 Q And is there a scenario where a credit 19 card can be used for anything else in the club other 20 than the VIP room?</p> <p>21 A Drinks.</p> <p>22 Q Right. Food and beverage, correct?</p> <p>23 A Yes. Not on food.</p> <p>24 Q How about for main stage table dances?</p> <p>25 A No.</p>
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<p>1 charging for the cash. They are not supposed to be 2 charging a surcharge on the rooms.</p> <p>3 Q Okay. So --</p> <p>4 A Karen can answer that better.</p> <p>5 Q But we do know that the 10 percent 6 surcharge is only applied to the \$100, not the 40?</p> <p>7 A Right.</p> <p>8 Q Okay. So we know that, and then who pays 9 the 10 percent on that \$100, the customer or the 10 dancer?</p> <p>11 A The customer.</p> <p>12 Q Okay. And that's mandatory?</p> <p>13 A Yes.</p> <p>14 Q Okay. But you're saying there are 15 circumstances where the dancer and the customer agree 16 with the doorman that the customer is going to cover 17 that 10 percent?</p> <p>18 MS. MURPHEY: Object to the form of 19 that question. It mischaracterizes what 20 he said.</p> <p>21 BY MR. LUKAS:</p> <p>22 Q Go ahead.</p> <p>23 A On -- on the dancer's check that gets 24 cut, we take a 10 percent surcharge out. Now if the 25 customer chooses, after talking to them, to go ahead</p>	<p>1 Q VIP table dances?</p> <p>2 A No.</p> <p>3 Q And they certainly can't give money to a 4 dancer on the main stage using a credit card?</p> <p>5 A They can slide it down the crack.</p> <p>6 Q I just stumbled into a joke, an industry 7 joke.</p> <p>8 A Yes, I use it on the mic all the time.</p> <p>9 Q But they can't?</p> <p>10 A No.</p> <p>11 Q That has to be cash?</p> <p>12 A Yes.</p> <p>13 Q So the only time we're really talking 14 about a credit card involving the entertainer is the 15 scenario where there's a VIP room, right?</p> <p>16 A Yes.</p> <p>17 Q And then what's -- what the company keeps 18 track of is what -- does the company keep track of 19 how much money is collected at least with respect to 20 the \$40?</p> <p>21 A Yes, we do.</p> <p>22 Q Whether it's cash or credit, they track 23 that, right?</p> <p>24 A Yes.</p> <p>25 Q Do they keep track of the entertainer's</p>

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<p>1 portion of that money if it's cash?</p> <p>2 A Yes.</p> <p>3 Q They do keep track of it if it's cash?</p> <p>4 A Yes.</p> <p>5 Q When I say keep track of it, not just for</p> <p>6 the night but for all purpose going forward?</p> <p>7 A We keep track of it just for the night</p> <p>8 just so a dancer doesn't come back at a later time</p> <p>9 and say, hey, I was supposed to be paid credit card</p> <p>10 and we say, no, you were paid cash.</p> <p>11 Q So you do keep a record over time of that</p> <p>12 cash?</p> <p>13 A Just for the night, yes.</p> <p>14 Q If I wanted to go back two weeks and say</p> <p>15 how much did Jimmy the dancer get in cash for VIP</p> <p>16 rooms on Thursday night, you could tell me that?</p> <p>17 A Yes, it's saved on that computer.</p> <p>18 Q Okay. And you could also tell me how</p> <p>19 much rental fees Jimmy generated that night, as well?</p> <p>20 A Yes.</p> <p>21 Q Regardless of whether it was cash or</p> <p>22 credit?</p> <p>23 A Yes.</p> <p>24 Q Okay. And as I understand the physical</p> <p>25 transaction itself for these VIP rooms, again, if</p>	<p>1 Q Is there a difference between the dance</p> <p>2 that's performed on the main floor as opposed to the</p> <p>3 dance that's performed in the VIP lounge?</p> <p>4 A Dances on the main floor are normally</p> <p>5 done in chairs. The only thing we have in the back</p> <p>6 room are bar stools, but, I mean, no, it's still</p> <p>7 supposed to be no touching.</p> <p>8 Q And same with respect to the VIP rooms,</p> <p>9 the same rules apply?</p> <p>10 A Yes.</p> <p>11 Q So the table dances or floor dances that</p> <p>12 they do that are off the main stage those are all the</p> <p>13 same regardless of which location they are in?</p> <p>14 A Right. Just one -- each one has a little</p> <p>15 more privacy than the other one.</p> <p>16 Q And it goes from the least private being</p> <p>17 the main floor to the most private being the VIP room</p> <p>18 and the middle one being the VIP lounge?</p> <p>19 A Yes.</p> <p>20 Q And so the dances that they do, these</p> <p>21 table dances, do they have a one-song limit; is that</p> <p>22 right?</p> <p>23 A A one-song -- they can do one, or they</p> <p>24 can do multiple.</p> <p>25 Q Do they -- does the customer pay more</p>
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<p>1 we're talking cash, the customer pays the cash to</p> <p>2 whom? The entertainer, and then the entertainer pays</p> <p>3 the doorman or the other way around?</p> <p>4 A The customer hands the \$100 to the door</p> <p>5 guy right in front of the entertainer.</p> <p>6 Q You mean the 140?</p> <p>7 A No. The 100 for the dancer, and then the</p> <p>8 40, of course, is separate that goes in another</p> <p>9 envelope.</p> <p>10 Q But the -- all of the money goes to the</p> <p>11 doorman?</p> <p>12 A Yes, and at the end of the, night the</p> <p>13 dancer comes back and gets his money.</p> <p>14 Q Who is your VIP doorman?</p> <p>15 A I've got two.</p> <p>16 Q Who are they?</p> <p>17 A I've got Jeremiah Jacobs and August</p> <p>18 Caudle.</p> <p>19 Q I assume that's a position you need</p> <p>20 somebody that you trust?</p> <p>21 A Yes. I need somebody I trust in all my</p> <p>22 positions.</p> <p>23 Q I understand, but that one in particular</p> <p>24 because they are being handed cash.</p> <p>25 A They are handed cash in all my positions.</p>	<p>1 than -- let's go to the main floor -- more than ten</p> <p>2 dollars for a, say, three-song table dance as opposed</p> <p>3 to a one-song?</p> <p>4 A They are going to pay \$10 each song.</p> <p>5 Q So it's -- these dancers are performing a</p> <p>6 series of dances for which they get \$10 per song?</p> <p>7 A Yes.</p> <p>8 Q And that's what they do all night long</p> <p>9 over and over hopefully?</p> <p>10 A Yes.</p> <p>11 MR. LUKAS: Okay. We can take a</p> <p>12 quick break.</p> <p>13 (Brief pause.)</p> <p>14 MR. LUKAS: Let's go back on the</p> <p>15 record.</p> <p>16 BY MR. LUKAS:</p> <p>17 Q Before I go to these documents, I think I</p> <p>18 need to clarify something.</p> <p>19 When we were talking about the actual</p> <p>20 transaction the, VIP room transaction, I think the --</p> <p>21 I think -- the first time you mentioned it you said</p> <p>22 the customer pays the dancer who hands it over to --</p> <p>23 in front of the doorman who hands it over to the</p> <p>24 doorman, and then later it sounded more like the</p> <p>25 customer hands it directly to the doorman, which is</p>

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<p>1 it?</p> <p>2 A I couldn't tell you. I'm not there, but,</p> <p>3 I mean, any direct way. Whether the money gets</p> <p>4 handed to the dancer, it ends up with the VIP guy in</p> <p>5 an envelope that has their name on it, and at the end</p> <p>6 of the night, the dancer goes and grabs his money.</p> <p>7 Q I see, but it's the dancer's obligation</p> <p>8 or it's the duty of the dancer to collect the money</p> <p>9 from the customer?</p> <p>10 A Yes.</p> <p>11 (Colunga Deposition Exhibit No. 2 was marked for the</p> <p>12 record.)</p> <p>13 BY MR. LUKAS:</p> <p>14 Q Okay. And -- okay. Then let's go to</p> <p>15 these documents.</p> <p>16 What is Exhibit 2?</p> <p>17 A It's an independent contractor agreement.</p> <p>18 Q And is that something that is or was used</p> <p>19 by Swinging Richards?</p> <p>20 A It was at one time, yes.</p> <p>21 Q Do you remember when?</p> <p>22 A It would be when I was at Bliss. So it</p> <p>23 was 2012. Early 2012.</p> <p>24 Q When say when you were at Bliss, what is</p> <p>25 that?</p>	<p>1 Q And for as long back as you can remember?</p> <p>2 A Changed a few times here and there, but,</p> <p>3 yes, basically.</p> <p>4 Q When is the last time anything was</p> <p>5 changed on it?</p> <p>6 A Probably -- I changed it when I came</p> <p>7 back. So January of 2013.</p> <p>8 Q What did you change on it?</p> <p>9 A I changed house fees from 25 to \$20.</p> <p>10 When I came back, they were kind of</p> <p>11 scattered all over the place. One night was 10, one</p> <p>12 night was 15, one night is 25.</p> <p>13 So I just changed it all to a 20.</p> <p>14 Q Any other changes you've made that you</p> <p>15 can remember in the last few years?</p> <p>16 A No.</p> <p>17 Q As Exhibit 2 is that something you had a</p> <p>18 role in drafting. We're going back to 2. I'm sorry.</p> <p>19 I jumped around on you a little.</p> <p>20 A Did I have a role in drafting it?</p> <p>21 Q Right.</p> <p>22 A No.</p> <p>23 Q And same thing with 3? Did you have a</p> <p>24 role in drafting 3?</p> <p>25 A No.</p>
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<p>1 A That was when I was running the other</p> <p>2 male strip club against Swinging Richards.</p> <p>3 (Colunga Deposition Exhibit No. 3 was marked for the</p> <p>4 record.)</p> <p>5 BY MR. LUKAS:</p> <p>6 Q Let's look at Exhibit No. 3. What is</p> <p>7 Exhibit No. 3?</p> <p>8 A It looks like another independent</p> <p>9 contractor agreement along with some rules.</p> <p>10 Q Is that one that was used by Swinging</p> <p>11 Richards?</p> <p>12 A Yes.</p> <p>13 Q Do you know when?</p> <p>14 A No.</p> <p>15 (Colunga Deposition Exhibit No. 4 was marked for the</p> <p>16 record.)</p> <p>17 BY MR. LUKAS:</p> <p>18 Q And No. 4. What is No. 4?</p> <p>19 A No. 4 is just the rules -- rules and</p> <p>20 regulations of working at the club.</p> <p>21 Q And that's something used by Swinging</p> <p>22 Richards?</p> <p>23 A Yes.</p> <p>24 Q Currently?</p> <p>25 A Yes.</p>	<p>1 Q But it sounds like you had a role in</p> <p>2 drafting 4?</p> <p>3 A 4 is all me, yes.</p> <p>4 Q So you drafted the original of 4?</p> <p>5 A Well, no. I mean, I'm sure it was a</p> <p>6 derivative from, you know, when the club first</p> <p>7 opened, and it's just kind of stepped up a little bit</p> <p>8 more and more each year.</p> <p>9 Q And the changes you've made are, for</p> <p>10 example, like the door charge -- or I'm sorry -- the</p> <p>11 house fee?</p> <p>12 A Yes.</p> <p>13 Q And you have the authority and ability in</p> <p>14 your position to make those kinds of changes?</p> <p>15 A Yes.</p> <p>16 Q And is that something when you changed</p> <p>17 the -- for example, when you changed the house fee</p> <p>18 from the random numbers to just 20, is that something</p> <p>19 you had to check with C.B. Jones on?</p> <p>20 A No.</p> <p>21 Q That's something you did on your own?</p> <p>22 A Yes.</p> <p>23 Q How are you paid?</p> <p>24 A Through tips.</p> <p>25 Q What does that mean? What are the tips?</p>

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<p style="text-align: right;">Page 62</p> <p>1 A I get 10 percent of what each dancer 2 makes each night. 3 Q And how do you know how much each dancer 4 makes each night? 5 A I have to trust them. 6 Q Do you -- is there some kind of recording 7 or something that they write down how much they make 8 each night? 9 A No. 10 Q I see. And that's -- that 10 percent is 11 something that the dancer pays you at the end of 12 every night? 13 A Yes. 14 Q And is that in cash? 15 A Yes. 16 Q And that's all your compensation? That's 17 what you make for your position? 18 A That's all I make. 19 Q So you're -- your incentive, at least 20 financially, is to have as many dancers making as 21 much money as possible every night? 22 A To get on that mic and talk about them. 23 Get people interested in them. Get them to buy VIP 24 rooms, play better music. 25 Q So when -- when -- like, for example, in</p>	<p style="text-align: right;">Page 64</p> <p>1 time they come in or what time they go out and how 2 long the room is for, but, generally, I mean, it's -- 3 it's kind of going by what they are saying. 4 Q But there's no effort to track exactly 5 how much a dancer makes over the night? 6 A No. 7 Q There's no tracking of how much they make 8 on cash given to them while they are on the main 9 stage? 10 A No. 11 Q There's no record kept of money that they 12 make for floor dances? 13 A No. 14 Q Or VIP dances? 15 A No. 16 Q Or -- other than the one transaction at 17 the door, if they are paid more for VIP rooms, you 18 have no record of that either? 19 A I have no record of that. 20 Q So the only record you have is the VIP 21 room rental fees? 22 A Yes. 23 Q And you have that whether it's cash or 24 credit? 25 A Yes.</p>
<p style="text-align: right;">Page 63</p> <p>1 Exhibit 4, there's some talk about 10 percent -- tip 2 out to the DJ is 10 percent. 3 That's basically you? 4 A Yes. 5 Q And that's mandatory? 6 A Yes. It's -- I say it's mandatory. If I 7 get a dancer that has made 30 or 40 bucks, I'm not 8 going take his last penny. 9 Q But it has to be at least ten bucks, 10 generally? 11 A Generally, but there, again, I give 12 dancers -- you've got 40 boys. Some of them don't 13 make money. I'm not going to be the asshole at the 14 end of the night that's going to take their last 15 money. 16 Q But the track -- so you don't track how 17 much they make. You just have to take their word for 18 it? 19 A Yes. 20 Q I assume, at this point, you generally -- 21 as the DJ and as the general manager, you have a 22 pretty good feeling as to how much everyone makes in 23 a night? 24 A I could look at their VIP sales -- 25 because I get slips in there that let me know what</p>	<p style="text-align: right;">Page 65</p> <p>1 Q And how long -- you mentioned the club's 2 computer system. 3 How long is that maintained in the 4 computer system? 5 A We have back until 2010. 6 Q And what is the name of that program or 7 software program? 8 A I have no clue. 9 Q And going back to 2010, then you have -- 10 you should have daily records of how much are earned 11 in these VIP -- 12 A Rooms, correct. 13 Q Per dancer, per night? 14 A Yes. 15 Q But that's all you have. Where they make 16 money anywhere else in the club, you have no record? 17 A Yes. 18 Q So you -- so you have a partial record of 19 a VIP room dance because you know what the rental fee 20 is. 21 You don't know if they were paid more, 22 correct? 23 A Right. 24 Q And you have no record of a dance out on 25 the main floor or in the VIP lounge?</p>

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<p style="text-align: right;">Page 66</p> <p>1 A No.</p> <p>2 Q And that's -- 100 percent of your</p> <p>3 compensation from the club is this 10 percent that</p> <p>4 you get from the entertainers?</p> <p>5 A Yes.</p> <p>6 Q Does anyone else in the club tip you out</p> <p>7 or just the entertainers?</p> <p>8 A Just the entertainers.</p> <p>9 Q And then the entertainers are also</p> <p>10 expected to tip out the bartenders and the doorman?</p> <p>11 A They tip out the front door guy.</p> <p>12 Q Not the VIP guy?</p> <p>13 A No. That's up to them. Normally they'll</p> <p>14 try to get the customer to throw them some money, or</p> <p>15 if they felt he was great at his job and go me on</p> <p>16 time and in time right, then they throw him a couple</p> <p>17 of bucks, but, no, it's not.</p> <p>18 Q Is it a situation where there's jockeying</p> <p>19 for a position where all seven rooms are full and</p> <p>20 people are wanting to jump the line and tip the</p> <p>21 doorman more money to get them out in front of the</p> <p>22 line or anything like that?</p> <p>23 A I don't know. I mean, yes, there's times</p> <p>24 when all of our rooms are full, but I couldn't tell</p> <p>25 you if they were trying to bribe my VIP door guy.</p>	<p style="text-align: right;">Page 68</p> <p>1 A Yes.</p> <p>2 Q Those are all male?</p> <p>3 A Yes.</p> <p>4 Q Are there any woman that work in the</p> <p>5 club?</p> <p>6 A No.</p> <p>7 Q And the people that clean the club are</p> <p>8 they employees of the club, or is that a third-party</p> <p>9 vendor?</p> <p>10 A It's a third-party.</p> <p>11 Q How about the security guys? How are</p> <p>12 they paid?</p> <p>13 A They are tipped out per the dancer, three</p> <p>14 dollars on a Friday and Saturday, and then the club</p> <p>15 makes up the rest.</p> <p>16 Q Makes up the rest up to what point?</p> <p>17 A They are paid 150 each night. So if I</p> <p>18 have 30 dancers, you know, they get 90, and then the</p> <p>19 club makes up.</p> <p>20 Q I see. So depending on how much they get</p> <p>21 out of the tips is how much the other -- the</p> <p>22 remainder the club pays?</p> <p>23 A Yes.</p> <p>24 Q Okay. Let's go to Exhibit 2 here. 2 is</p> <p>25 the one that says independent contract agreement</p>
<p style="text-align: right;">Page 67</p> <p>1 Q So how does the VIP door guy get paid?</p> <p>2 A He gets an hourly wage and then if the</p> <p>3 customers choose to tip him.</p> <p>4 Q And/or -- or the dancers choose to tip</p> <p>5 him?</p> <p>6 A Or if the dancers choose to tip him.</p> <p>7 Q Is that -- would that be uncommon,</p> <p>8 however?</p> <p>9 A Getting a dancer to tip anybody, yes,</p> <p>10 it's pretty uncommon.</p> <p>11 Q Okay. But there's mandatory tipping</p> <p>12 between the dancer and the front doorman?</p> <p>13 A Yes.</p> <p>14 Q And the bartenders, as well?</p> <p>15 A No.</p> <p>16 Q No?</p> <p>17 A No.</p> <p>18 Q So the entertainers are not expected to</p> <p>19 tip out the bartenders?</p> <p>20 A We put something in our rule sheets</p> <p>21 saying, hey, if you're going to get money, make sure</p> <p>22 and tip your bartenders because we work in a tipping</p> <p>23 industry, but it's just a note to kind of prod them</p> <p>24 of the right thing to do.</p> <p>25 Q Same thing with the waiters?</p>	<p style="text-align: right;">Page 69</p> <p>1 across the top.</p> <p>2 I'm looking at Paragraph 3 in the second</p> <p>3 line where it says: He or she will be responsible</p> <p>4 for obtaining compensation for services directly from</p> <p>5 the customer, and we've already talked about that,</p> <p>6 and that's an accurate statement, correct?</p> <p>7 A Yes.</p> <p>8 Q Let's look at Exhibit 3. Paragraph 4</p> <p>9 says: The entertainer acknowledges that the club</p> <p>10 will not be responsible for compensating him in any</p> <p>11 way for the performances which he presents at the</p> <p>12 club and that his compensation will be provided</p> <p>13 directly by the customers of the club.</p> <p>14 That's an accurate statement, as well,</p> <p>15 isn't it?</p> <p>16 A Yes.</p> <p>17 Q And going to Exhibit 4, those rules and</p> <p>18 regulations, is the not catering to female</p> <p>19 clientele -- is that something that's strictly</p> <p>20 enforced?</p> <p>21 A No.</p> <p>22 Q Why not?</p> <p>23 A We just make it a reminder to them that</p> <p>24 we work in a gay environment.</p> <p>25 Q And the rest of these rules as stated on</p>

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<p>1 these documents are rules that are applied and that 2 are in play at the club even today, correct? 3 A Yes. 4 Q At the end of this document, Exhibit -- 5 or Paragraph 12, image and appearance, when it says 6 physical appearance will be judged by management 7 observation and customer feedback, management 8 observation that means you, right? 9 A Yes. 10 Q And have you let dancers go or not let 11 people dance there because of their physical 12 appearance? 13 A I'll suspend them if they get too fat. 14 I'll tell them they need to take some time off and 15 get in better shape. 16 Q What did you say? You spin them? 17 A Give them some time off to get in better 18 shape. 19 Q Spin them out, basically? 20 A You know, just tell them to take some 21 time off. 22 MR. SELANDER: Suspend. 23 THE WITNESS: Suspend. 24 BY MR. LUKAS: 25 Q Oh, suspend. I'm sorry.</p>	<p>1 Q And that kind of goes back to what we 2 were talking about before. It's the entertainer's 3 responsibility to collect the money? 4 A Yes. 5 Q Going to Paragraph 10, I think we've 6 already talked a little bit about this. This is the 7 tipping, slash, house fees, slash, fines. 8 This still says 25 each night. You've 9 changed that now to 20? 10 A Yes, sir. 11 Q Is there any other -- anything else in 12 this document that you've read when you looked 13 through it that you know is no longer accurate or has 14 been changed other than this 25 to \$20 issue? 15 A Yes. I mean, we have in there that they 16 are required to work three days, but we don't enforce 17 it. There's a lot of stuff in there we actually 18 don't really enforce. 19 Q The rules are in place and the dancers 20 are told that they have to follow those rules but 21 some -- at your discretion, some are or aren't 22 enforced -- 23 A Right. 24 Q -- more or less strictly? 25 A Right.</p>
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<p>1 I thought you said spin. I'm sorry. 2 And what are those specific and strict 3 physical appearance requirement? 4 A To be tight and toned. 5 Q Can you be more specific than tight and 6 tone? 7 A Nobody comes to see a fat stripper. So 8 we just -- whether I have a small, medium or large 9 guy, they need to -- I don't know any way to put it. 10 They don't need to be muffin top in their 11 underwear. Not everyone has to have abs, but 12 everyone needs to be -- their body needs to be firm. 13 Q And sort of you're the judge and jury on 14 that? 15 A Yes. 16 Q How about penis? Is there a requirement 17 with respect to penis length or size? 18 A No. we have the smallest to the biggest. 19 Q Same document, Paragraph 7, it says -- 20 kind of in the middle, it's a paragraph or a sentence 21 that says: It's the entertainer's responsibility to 22 collect all tip money for table dances and VIP rooms 23 up front. 24 Do you see that? 25 A Yes.</p>	<p>1 Q Like this \$10 midnight review charge, is 2 that something that's enforced? 3 A No. I mean, we haven't done a midnight 4 review in -- 5 Q Oh, that's right? 6 A Right. 7 Q When you were doing midnight review, you 8 were enforcing the \$10? 9 A Well, they would buy a T-shirt for \$10 10 from the club, and they would sell it for 20 bucks. 11 Q I see, but they are required to buy the 12 T-shirt? 13 A Yes. 14 Q And they were required to buy one? 15 A Yes. 16 Q It sounds like musical chairs nobody 17 wanted to be left caught holding a T-shirt, right? 18 A Exactly. 19 Q And this tipping out the front door host, 20 at a minimum of five dollars, that's still -- that's 21 accurate? 22 A Yes. 23 Q And enforced? 24 A Yes. 25 Q And that's without respect to how much</p>

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<p style="text-align: right;">Page 74</p> <p>1 they make? It's not a percentage? It's just five 2 bucks? 3 A No, five bucks. 4 Q And then an extra dollar for the 5 intoxilyzer tubes; is that something that's enforced? 6 A Yes. 7 Q And that's just Friday and Saturday 8 nights? 9 A Just Friday and Saturday. Just enough 10 money to buy more breathalyzer tubes. 11 Q And then the three dollars for security 12 we already talked about, right? 13 A Yes. 14 Q So they are allowed to drink -- the 15 entertainers are allowed to drink, but they have to 16 pay for the drinks? 17 A Yes, or get a customer to purchase it for 18 them. 19 Q Is that a technique that you encourage 20 your entertainers to use to get the customer to 21 purchase a drink for them? 22 A If they are -- if they are asked. We'd 23 prefer them to buy something, whether it's a bottle 24 of water other something. Do I prefer my dancers to 25 drink, I -- they can do it responsibly.</p>	<p style="text-align: right;">Page 76</p> <p>1 times have been changed. 2 Q What have the times been changed to? 3 A It's 8:01 to 9:00 now, and 9:01 to 10:00. 4 Q But it's still the ten bucks for that 5 first hour of lateness and 20 bucks for the second 6 hour, right? 7 A Yes. 8 Q Let's talk about hiring. 9 Who's responsible for hiring 10 entertainers? 11 A I mean -- 12 Q Exclusively you? 13 A Yes. 14 Q And how do you go about doing that? 15 A I make them take all their clothes off in 16 the dressing room or pull their shirt up. It depends 17 on what I need at that time. 18 Q What do you mean it depends on what you 19 need? 20 A It depends on what niche we're missing 21 in. 22 Q And when you say niche, what niches do 23 you fill as the general manager with respect to 24 dancers? 25 A It's primarily what the customers want.</p>
<p style="text-align: right;">Page 75</p> <p>1 Q But you certainly -- with respect to your 2 goal of establishing this relationship, you certainly 3 don't want them to turn down a drink? 4 A No. 5 Q They could be polite, take it and maybe 6 not necessarily slam it? 7 A Exactly. 8 Q But that's one of the reasons you allow 9 your entertainers to drink is because that's part of 10 their job and part of their engagement and 11 involvement that you want them to cultivate, correct? 12 A Yes. 13 Q And then in Paragraph 10b, it talks about 14 fines for being late. 15 Is that something that's enforced? 16 A Yes. It's not really a fine. It's just 17 a lesser house. 18 Q What does that mean, a lesser house? 19 A If you come in early, you're going to pay 20 less for house. 21 Q Well, this actually sounds a little bit 22 more specific. This says they are required to pay a 23 ten-dollar late fee if they come after 1:00 -- or 24 8:00 and before 8:30? 25 A Yes. Actually it's been changed. The</p>	<p style="text-align: right;">Page 77</p> <p>1 You know, you can only have so much of a certain type 2 of dancer, or it's overkill. 3 Q What are the types of dancers? That's 4 what I was getting at. 5 A Well, you've got small, medium, large, 6 but you've got redheads. You've got Asian dancers. 7 You've got black dancers. 8 You can only have so much of any type. 9 Q And so some of those things you can tell 10 just by the person sitting there fully clothed, 11 right? 12 A Yes. 13 Q And others you need to see them nude 14 basically? 15 A For the most part, I just have them take 16 their shirt off. I can tell straight up take their 17 shirt off. 18 Q Do you ask them to take off their pants 19 and underwear? 20 A Sometimes. 21 Q Do you sometimes do it just to see if 22 they are able to do it in front of you? 23 A No, no, no. I mean, sometimes it's hard 24 to tell. Sometimes clothes can be deceiving. 25 Sometimes it's like they are on the verge of being</p>

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<p style="text-align: right;">Page 78</p> <p>1 hired, but you're not quite sure. So you tell them 2 to take a little more off to see. 3 Q Anything other than having them take 4 their clothes off and sort of you eyeballing their 5 physical appearance that you do before making hiring 6 decisions? 7 A I'm sorry. Can you say that again? 8 Q Sure. You said -- other than looking at 9 them physically, thinking about what niches you need 10 to fill physically, is there anything else you do 11 before you make hiring decisions? 12 A No. 13 Q I noticed on-line or on the website there 14 was a page about how to get hired, basically, as a 15 dancer, and it talks about sending in photos or 16 videos. 17 Is that something that you do? Do you 18 follow that procedure? 19 A They send photos and videos, but I find 20 it's really hard to hire from a photo because most 21 photos were taken so long ago that that's not what 22 they look like now. 23 Q Sort of like on-line dating? You don't 24 want them to send you some super-buff photograph, and 25 they come in, and that's now how they look?</p>	<p style="text-align: right;">Page 80</p> <p>1 A Yes. 2 Q And what efforts do you make with respect 3 to marketing the club? 4 A Well, I mean, honestly with advertising, 5 everything pretty much stays the same, unless I have 6 a charity event going on or a New Year's eve party 7 going on in which, you know, our ads need to be 8 tweaked a little bit. 9 Q Let's talk about then -- that would 10 probably be easy to talk about then if it generally 11 stays the same. Tell me what kind of marketing 12 efforts you make. 13 A We're advertising -- honestly, right now 14 we advertise in one magazine. We're on Facebook, you 15 know, and our web page. 16 We've been around 17 years. So it's not 17 necessary to throw it in multiple publications in 18 Atlanta that are all going to reach the same 19 audience. 20 Q And so you've been around long enough 21 that you're pretty well known in the gay community, I 22 would assume? 23 A Yes. 24 Q And that's where your -- that's the focus 25 of your marketing efforts is the gay community?</p>
<p style="text-align: right;">Page 79</p> <p>1 A Exactly. Yes. 2 Q So you physical -- you actually need to 3 meet the person face to face before you do the 4 hiring? 5 A It's better that way. 6 Q But they do send you photos and videos 7 and what not? 8 A Yes. 9 Q Do they actually send you videos? 10 A Yes. Videos I don't care to see. 11 Q Does the person have to have any dancing 12 experience? 13 A No. 14 Q Do they have to have any acting 15 experience? 16 A No. 17 Q Do they have to have a certain I.Q.? 18 A No. 19 Q And if they -- they could potentially 20 lose their job or get suspended if their body 21 appearance gets to a place where you believe they 22 don't -- they are not up-to-speed? 23 A Yes. 24 Q Now, with respect to marketing, you said 25 that you are responsible for the club's marketing?</p>	<p style="text-align: right;">Page 81</p> <p>1 A Yes. 2 Q The male gay community? 3 A Yes. Something tells me we have nothing 4 lesbians want to see. 5 Q Something just indistinctively tells you 6 that? 7 A I can tell them to tuck it, you know. 8 Q And let's talk about -- what magazine do 9 you advertise in? 10 A David Magazine. 11 Q It's called David? 12 A Yes. 13 Q Is that an Atlanta publication? 14 A Yes. 15 Q And what does the ad look like, or what 16 does it say I should say? 17 A It just gives our different prices on 18 Monday through Saturday. 19 Q Of the coverage charges? 20 A Cover charges. 21 Q Does it talk about VIP room charges or 22 anything like that or just the cover charges. 23 A Coverage charge. Two for one VIP is on a 24 certain night. You know, just the specials. 25 Q Kind of the same thing you see on the web</p>

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<p>1 page when you go to the main page?</p> <p>2 A Yes. Pretty generic.</p> <p>3 Q You have a picture of some really</p> <p>4 good-looking guy?</p> <p>5 A Yes.</p> <p>6 Q And then how about Facebook? What do you</p> <p>7 do on Facebook?</p> <p>8 A Facebook they update it with stories and</p> <p>9 pricings, anything going on.</p> <p>10 Q What kind of stories?</p> <p>11 A Stripper stories. I mean, they find</p> <p>12 random stuff to put on there.</p> <p>13 Q Who is they?</p> <p>14 A Our ITs.</p> <p>15 Q And who is that? Who do you use?</p> <p>16 A We use True It Pros. IT Pros, yes.</p> <p>17 Q IT Pros?</p> <p>18 A Yes.</p> <p>19 Q Are they in Atlanta?</p> <p>20 A Yes.</p> <p>21 Q And they are in charge of the magazine</p> <p>22 ad, as well?</p> <p>23 A Yes.</p> <p>24 Q And then they are in charge of the web</p> <p>25 page, as well?</p>	<p>1 Q Same with the blog?</p> <p>2 A Yes.</p> <p>3 Q And then there's a newsletter, or I saw</p> <p>4 something about a newsletter. Is that something --</p> <p>5 A It's just an e-mail that goes out</p> <p>6 sometimes once a week -- usually once a week.</p> <p>7 Q Is that, again, something that the IT</p> <p>8 people handle?</p> <p>9 A It's one of those stupid things that says</p> <p>10 it's hot outside. Come enjoy some hot, sweaty men.</p> <p>11 That kind of thing. It's pretty random, generalized.</p> <p>12 Q And who is it at IT Pros that you work</p> <p>13 with specifically?</p> <p>14 A Robert Kohl.</p> <p>15 Q C-o-l-e?</p> <p>16 A K-o-h-l.</p> <p>17 Q Okay. And is -- when we're talking about</p> <p>18 IT Pros and Robert Kohl, is that -- is it just him?</p> <p>19 A Him and then a few of his employees.</p> <p>20 Q Oh, he does have a couple of employees?</p> <p>21 A Yes.</p> <p>22 Q I noticed on a few places where I saw</p> <p>23 there was discussion about how many dancers. Is it</p> <p>24 important for you to market to the community that you</p> <p>25 have a lot of dancers?</p>
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<p>1 A Yes.</p> <p>2 Q And then do you work with them directly</p> <p>3 with respect to content in all of these places?</p> <p>4 A They are supposed to send me stuff to</p> <p>5 let -- and I'm supposed to give them the okay.</p> <p>6 Q You say supposed to. Does that actually</p> <p>7 happen?</p> <p>8 A Yes. I mean, sometimes it does, and the</p> <p>9 next thing I know there's an ad in there, and it has</p> <p>10 the wrong date or something, and it's like someone</p> <p>11 didn't let me proof it.</p> <p>12 Q I see, and you're also on Twitter?</p> <p>13 A Yes.</p> <p>14 Q And I saw on-line you have a blog?</p> <p>15 A News to me.</p> <p>16 Q You're not familiar with your blog?</p> <p>17 A I'm not familiar with our blog yet.</p> <p>18 Q So if you do have a blog, that's</p> <p>19 something IT Pros is running?</p> <p>20 A Yes.</p> <p>21 Q And Twitter that's something IT Pros run?</p> <p>22 A Yes.</p> <p>23 Q Are you responsible for the content on</p> <p>24 Twitter, or is that something they put on?</p> <p>25 A That's something they can put on.</p>	<p>1 A Yes.</p> <p>2 Q Why is that important?</p> <p>3 A The more the merrier. I mean, do I want</p> <p>4 as many dancers that we advertise, no, but in general</p> <p>5 public, you know, the bigger show gets more</p> <p>6 customers.</p> <p>7 Q And it's also -- would it also be</p> <p>8 important for you to market to explain that you're</p> <p>9 adding new dancers all the time?</p> <p>10 A Yes.</p> <p>11 Q And why is that important?</p> <p>12 A Because a lot of our customers are only</p> <p>13 interested in new faces.</p> <p>14 Q Because they -- particularly the repeat</p> <p>15 customers?</p> <p>16 A Yes.</p> <p>17 Q Do you advertise for specific</p> <p>18 entertainers?</p> <p>19 A No.</p> <p>20 Q Do you advertise special choreographed</p> <p>21 events or anything like that?</p> <p>22 A Can you --</p> <p>23 Q Sure. You say we're going to be doing a</p> <p>24 certain kind of dance, group dance this week or on</p> <p>25 Thursday?</p>

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<p>1 A No.</p> <p>2 Q Let's talk about the entertainers or the</p> <p>3 dancers sources of income at the club.</p> <p>4 First, let's talk about what they spend.</p> <p>5 They have to pay this house fee, right?</p> <p>6 A Yes.</p> <p>7 Q And do you still apply that rule that, if</p> <p>8 they are the first one to show up, they don't have to</p> <p>9 pay it?</p> <p>10 A Yes.</p> <p>11 Q And if they are the first -- second one,</p> <p>12 they can maybe leave early?</p> <p>13 A First three have the option of leaving at</p> <p>14 12:30.</p> <p>15 Q And the first one doesn't have to pay the</p> <p>16 house fee at all?</p> <p>17 A No.</p> <p>18 Q Is that something where it's the same</p> <p>19 dancer every night that's the first one there?</p> <p>20 A Yes.</p> <p>21 Q And then so we have house fees, that's</p> <p>22 one place they spend money, and then there's the late</p> <p>23 fines that we talked about?</p> <p>24 A Yes.</p> <p>25 Q Are there fines for anything else other</p>	<p>1 direction, from the entertainer to somebody else, as</p> <p>2 a part of their job?</p> <p>3 A Yes.</p> <p>4 Q And is there any other?</p> <p>5 A Oh, no. No.</p> <p>6 Q Okay. Let's talk about the money</p> <p>7 received that goes the other direction.</p> <p>8 They get the -- they can get a tip on the</p> <p>9 main stage?</p> <p>10 A Yes.</p> <p>11 Q And as I understand it, from reading,</p> <p>12 that has to be in the arm band?</p> <p>13 A Yes.</p> <p>14 Q So an arm band is mandatory for them to</p> <p>15 wear, correct?</p> <p>16 A Yes, that's by law.</p> <p>17 Q Okay. They can get the ten dollars or</p> <p>18 more for a table dance on the main floor?</p> <p>19 A Yes.</p> <p>20 Q They can get \$20 or more for a table</p> <p>21 dance in the VIP lounge?</p> <p>22 A Yes.</p> <p>23 Q And then they get the charge for -- or</p> <p>24 they get paid for their portion of the VIP room</p> <p>25 charges?</p>
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<p>1 than being late?</p> <p>2 A No.</p> <p>3 Q So you don't have fines for touching a</p> <p>4 customer or fines for using the bathroom -- the</p> <p>5 public's bathroom or anything like that?</p> <p>6 A No.</p> <p>7 Q And then there's a -- the VIP room that</p> <p>8 we talked about where a portion of it is kept by the</p> <p>9 club?</p> <p>10 A For the room rental, yes.</p> <p>11 Q Is there any place else where the</p> <p>12 entertainer -- and the entertainer is responsible for</p> <p>13 their costume or their clothes?</p> <p>14 A Yes.</p> <p>15 Q Is there any place elsewhere the</p> <p>16 entertainer pays out to perform this job?</p> <p>17 A Aside from the DJ tip-out and the door,</p> <p>18 that's it.</p> <p>19 Q That's a good point. I forgot that. So</p> <p>20 there's the DJ tip-out. There's the door tip-out,</p> <p>21 and then there is -- discretionary they may be</p> <p>22 tipping waiters or VIP or anyone else that they want</p> <p>23 to tip-out?</p> <p>24 A Yes.</p> <p>25 Q Any other sources of money that go that</p>	<p>1 A Yes.</p> <p>2 Q Plus anything else -- any other money</p> <p>3 they get paid by the customer in connection with that</p> <p>4 engagement, correct?</p> <p>5 A Yes.</p> <p>6 Q Is there any other sources of income that</p> <p>7 an entertainer receives coming to them as part of</p> <p>8 their job?</p> <p>9 A No.</p> <p>10 Q Okay. Let's talk about -- let's follow</p> <p>11 the money with respect to the customer?</p> <p>12 A Okay.</p> <p>13 Q The customer shows up, pays three bucks</p> <p>14 to park their car, right?</p> <p>15 A Yes.</p> <p>16 Q Cash?</p> <p>17 A Yes.</p> <p>18 Q Can they use a credit card for that?</p> <p>19 A No.</p> <p>20 Q Then they pay a cover, and depending on</p> <p>21 the night, depending on what's going on, that's --</p> <p>22 what -- five dollars to --</p> <p>23 A Free to five dollars to ten.</p> <p>24 Q And that has to be cash?</p> <p>25 A Yes.</p>

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<p style="text-align: right;">Page 90</p> <p>1 Q And then they go into the club, and they 2 buy drink and food, right? 3 A Drinks. No food. 4 Q So you don't have a kitchen? 5 A No. 6 Q And can they use a credit card for 7 drinks? 8 A Yes. 9 Q And can they open a tab? For example, 10 they sit down at a table, open a tab with a credit 11 card? 12 A Yes. 13 Q And just drink off that all night? 14 A Yes. 15 Q And can they also pay for a table dance 16 with that open? 17 A No. 18 Q Again, the only time they get to pull out 19 the credit card and actually do something that 20 involves the entertainer is at that transaction with 21 the VIP room that we discussed? 22 A Yes. 23 Q And going along and continuing now with 24 the customer, they could pay money for the dancer on 25 the main stage, right?</p>	<p style="text-align: right;">Page 92</p> <p>1 Q Going back to sources of income for the 2 entertainer. An entertainer could also get paid just 3 for walking around and talking? I mean, it's not 4 uncommon for a customer to give not in connection 5 with a specific dance. Like you said, sat down, 6 talk, and they just give them money, right? 7 A Just give them money to walk around? 8 Q Well, no. I mean, customers give 9 entertainers money not in connection with table 10 dances, as well, correct? 11 A True. 12 Q So it's not a scenario where -- or they 13 could walk around and talk to the person, and the 14 person could give them money even though they didn't 15 ask for a table dance, or they had a table dance but 16 give them more money and don't ask for another table 17 dance? 18 A Yes. 19 Q And a guy could come off the stage and a 20 customer could go I really appreciate how good 21 looking you are. Here, take some money? 22 A Yes. 23 Q And that happens? 24 A Yes. 25 Q You would want that to happen, I assume?</p>
<p style="text-align: right;">Page 91</p> <p>1 A Yes. 2 Q They could have -- they could pay for a 3 floor table dance? 4 A Yes. 5 Q They could pay for the VIP lounge 6 entrance -- entrance fee? 7 A Yes. 8 Q And they can do that -- whether they end 9 up getting a VIP room or not, they can just go into 10 the VIP room for ten bucks? 11 A To the VIP lounge, yes. 12 Q They can pay for a VIP lounge dance, 13 correct? 14 A Yes. 15 Q They can pay for a VIP room entrance we 16 talked about? 17 A Yes. 18 Q And they could pay for a dance in the VIP 19 room? 20 A Yes. 21 Q Any other sources of payment that the 22 customer would make in connection with their visit to 23 the club? 24 A No. I mean, there's a surcharge on the 25 ATM machine, but that's -- other than that, no.</p>	<p style="text-align: right;">Page 93</p> <p>1 A Yes. 2 Q Who is the club's accountant? 3 A Jimmy. 4 Q Did you make that up, or is it really 5 Jimmy? 6 A It is really Jimmy. I couldn't tell you 7 Jimmy's last name. 8 Q Jimmy is the name I always use when I 9 don't know somebody. 10 A Oh, okay. 11 Q I grew up in St. Paul. It's the Irish. 12 Everyone is Jimmy. 13 A Oh, okay. 14 Q Jimmy is the accountant. Karen is the 15 bookkeeper? 16 A Yes. 17 Q What responsibilities do you have with 18 respect to nightly receipts? 19 A To make -- the bartenders count down 20 their drawers. My duties are just to make sure -- 21 collect everybody's bank, put it in the safe for when 22 she gets there. 23 Q And let's talk about those sources of 24 income. You have the door money, correct? 25 A Yes.</p>

24 (Pages 90 to 93)

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<p>1 Q And who is responsible for collecting and 2 handing over the door money to you? 3 A The door guy. 4 Q And then you have the bar money, right? 5 A Yes. 6 Q And is it the bartender's responsibility 7 to hand that money over to you? 8 A Yes. 9 Q And then on nights where you have multiple 10 bartender, is there one that's designated as the 11 person that cashes out the drawer? 12 A No. Each bartender has their own 13 register. 14 Q Oh, okay. They all have their own access 15 to the register or they physically have -- 16 A They physically have their own register. 17 Q So when you have four bartenders going, 18 you have four drawers going? 19 A Yes. 20 Q Oh, is that intentional? 21 A Yes. 22 Q Why? 23 A That's the way it's always been set up. 24 There's four different stations. 25 Q And is it a scenario where they have to</p>	<p>1 person has these envelopes with each entertainer's 2 name on it? 3 A Oh, the VIP door guy, yes. 4 Q And does he hand out those envelopes, or 5 is that something he hands over to you and then you 6 distribute? 7 A No. Each dancer goes back there and gets 8 his envelope with his name on it. 9 Q And then what does the door person do to 10 track that so that you know how much he's handed off? 11 A I don't. 12 Q So you don't know how much is in that 13 envelope that each dancer walks away with every 14 night? 15 A No. I get a slip that tells me what time 16 they come out and how long they're back there for. I 17 don't know if it was cash or credit. 18 Q So there's no record kept of any cash 19 transaction in that respect with respect to the 20 dancer's portion of the VIP room? 21 MR. SCHLANGER: Objection. Assumes 22 facts not in evidence. 23 BY MR. LUKAS: 24 Q Go ahead. 25 A There's -- of course, on that sheet, it</p>
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<p>1 swipe a car to have access, or do they just have 2 access to that drawer? 3 A They just have access. 4 Q But you know that that drawer is that 5 bartender, basically? 6 A Yes. 7 Q And then you have the VIP door person? 8 A Yes. 9 Q And that VIP door person is responsible 10 for turning over the money collected in connection 11 with the VIP rooms, correct? 12 A And arm band sales, yes. 13 Q So there's basically two things. One is 14 the arm band sale, and that's just to get into the 15 VIP lounge, correct? 16 A Yes. 17 Q And the other is the VIP room money that 18 we talked about? 19 A Yes. 20 Q And does that door person hand over all 21 of the money to you, or do the -- is it the door 22 person that pays -- hands out the envelopes at the 23 end of the night? 24 A Say that again, please. 25 Q Sure. At the end of the night, the door</p>	<p>1 tells whether the dancer was paid cash or credit, but 2 I don't get that. 3 Q Who gets that? 4 A I mean, it just stays in the computer. 5 Q So the door person puts it into the 6 computer? Who puts it in the computer? 7 A The door person puts it into the computer 8 when he's typing who is in the room, if the dancer 9 was paid cash or credit or if the room was paid cash 10 or credit. 11 Q I see. So the door person is working a 12 commuter right there at the door? 13 A Yes. 14 Q And that's where he's inputting where all 15 the money comes from? 16 A Yes. 17 Q That's why there's a record kept, but you 18 don't get that record at the end of the night? 19 A No. I mean, the record goes in the 20 envelope for her in the morning. 21 Q But you could easily figure that out, 22 couldn't you? 23 A Yes, I could go back and look. 24 Q It's there, but you don't do that? 25 A Exactly. If I get three VIPs for 315, I</p>

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<p>1 know they made \$300.</p> <p>2 Q So we've got the door person's money, the</p> <p>3 bartender's money, the VIP has money.</p> <p>4 Who else is handing over their money to</p> <p>5 you at the end of the night?</p> <p>6 A Front door, VIP door and four bartenders.</p> <p>7 That's it.</p> <p>8 Q And what do you do with that money?</p> <p>9 A It goes in the safe.</p> <p>10 Q Do you record how much is in each bag or</p> <p>11 drawer or anything like that?</p> <p>12 A No.</p> <p>13 Q Who does?</p> <p>14 A Karen.</p> <p>15 Q Do you keep it separate, the door money</p> <p>16 separate from the bar money separate from the VIP?</p> <p>17 A They each have their own bag.</p> <p>18 Q So the money goes in that bag, and then</p> <p>19 it's Karen's problem?</p> <p>20 A Yes.</p> <p>21 Q And then we put her in that chair and</p> <p>22 talk to her about that?</p> <p>23 A Yes.</p> <p>24 Q She's really looking forward to it. I</p> <p>25 can tell by the look on her face.</p>	<p>1 money?</p> <p>2 A Saturday it sits there a day or two or</p> <p>3 so.</p> <p>4 Q But it's your responsibility to collect</p> <p>5 all those bags and put those bags in the safe?</p> <p>6 A Yes.</p> <p>7 Q And then that's where your responsibility</p> <p>8 ends with the money?</p> <p>9 A Yes.</p> <p>10 Q And then you have no reason to go into</p> <p>11 the system to look at the money or see what was made</p> <p>12 or anything like that?</p> <p>13 A No.</p> <p>14 Q That's not something you track? You</p> <p>15 don't track the financials of the club?</p> <p>16 A I talk to Karen and find out what we did</p> <p>17 for the month. See how it compares to other months.</p> <p>18 Q But you don't -- your income has nothing</p> <p>19 to do with beverage sales or door sales or any of</p> <p>20 that.</p> <p>21 It's just the 10 percent from the</p> <p>22 dancers?</p> <p>23 A Yes.</p> <p>24 Q And it's just cash that night?</p> <p>25 A Yes.</p>
Page 99	Page 101
<p>1 And so does each -- is it physically --</p> <p>2 I know this may be silly, but is it physically a bag?</p> <p>3 A It's physically a Bank of America bag,</p> <p>4 yes.</p> <p>5 Q What? Does it have each bartender's name</p> <p>6 on it and each door person's name on it?</p> <p>7 A They have a sheet that they fill out with</p> <p>8 all their tabs on it, and it has their name on it and</p> <p>9 the register they were on.</p> <p>10 Q So the money goes in there, and the sheet</p> <p>11 that explains everything that happened that night is</p> <p>12 on there?</p> <p>13 A Yes.</p> <p>14 Q Okay. And that's what's waiting for</p> <p>15 Karen every day?</p> <p>16 A Yes.</p> <p>17 Q And then does Karen come in every</p> <p>18 morning?</p> <p>19 A She comes -- she works Tuesday through</p> <p>20 Saturday.</p> <p>21 Q What happens with Monday's money? Does</p> <p>22 it just sit there until Karen comes on Tuesday?</p> <p>23 A Well, Monday's money goes in the night</p> <p>24 time, and then she gets it on Tuesday.</p> <p>25 Q Oh, I see. What happens to Saturday's</p>	<p>1 Q Is that also true with August then, too?</p> <p>2 A Yes, when he DJs.</p> <p>3 Q And when he's not DJing, he's working the</p> <p>4 VIP door guy, I think you said?</p> <p>5 A Yes.</p> <p>6 MS. MURPHEY: And just in case I</p> <p>7 forget to do it later, I want to mark</p> <p>8 this whole section about where the money</p> <p>9 stays as confidential just from a</p> <p>10 security financial.</p> <p>11 MR. LUKAS: Well, My next question</p> <p>12 was going to be, you know, what's the</p> <p>13 safe number, but, I guess, then I'll pass</p> <p>14 on that. What's the combination?</p> <p>15 MS. MURPHEY: I don't want anybody</p> <p>16 getting hit over the head because they</p> <p>17 know where the money is.</p> <p>18 MR. LUKAS: Okay. That's fine. I</p> <p>19 understand.</p> <p>20 BY MR. LUKAS:</p> <p>21 Q Other than this T-shirt thing, do you</p> <p>22 have like a gift shop or a stand where you sell</p> <p>23 T-shirts, hats, cups, glasses, stuff like that?</p> <p>24 A No. You can go to the bar and you can</p> <p>25 purchase a T-shirt, but we don't have an area set up</p>

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<p style="text-align: right;">Page 102</p> <p>1 for it.</p> <p>2 Q So that's just -- it's just T-shirts?</p> <p>3 That would be the only thing you could really buy as</p> <p>4 a souvenir?</p> <p>5 A That we have right now, yes.</p> <p>6 Q And that would be part of the money that</p> <p>7 the bartender collects and passes onto Karen?</p> <p>8 A Yes.</p> <p>9 Q There's also VIP memberships, correct?</p> <p>10 A Yes.</p> <p>11 Q And how does -- say a customer comes in</p> <p>12 and wants to buy a VIP membership, how do they do</p> <p>13 that?</p> <p>14 A They go to the bartender and pay the 250</p> <p>15 bucks, and then I go to the office and get one, and I</p> <p>16 punch it out and bring it to them.</p> <p>17 Q And then what does a VIP card allow or</p> <p>18 provide for the customer?</p> <p>19 A It gets you in the front door -- the</p> <p>20 front door and the VIP lounge for a year.</p> <p>21 Q At no cost?</p> <p>22 A Right. Well --</p> <p>23 Q So they are not paying the door charges,</p> <p>24 basically?</p> <p>25 A Exactly.</p>	<p style="text-align: right;">Page 104</p> <p>1 your entertainers to talk the customers about the VIP</p> <p>2 memberships?</p> <p>3 A No.</p> <p>4 Q Who, if anyone, is responsible for</p> <p>5 marketing that piece, the VIP membership piece?</p> <p>6 A I may announce it over the microphone.</p> <p>7 We -- that's about it. It's not really anything we</p> <p>8 throw out there.</p> <p>9 Q I think I saw something about VIP</p> <p>10 memberships, giving the customer the ability to not</p> <p>11 have to wait in line if all seven VIP rooms are full.</p> <p>12 Is that --</p> <p>13 A I've never heard that one before, no.</p> <p>14 Because I wouldn't know where I would put them if all</p> <p>15 the seven rooms are full, unless they are doing it in</p> <p>16 the bathroom.</p> <p>17 Q Okay. How about the parking fee? Who do</p> <p>18 they pay for parking?</p> <p>19 A That's a company that we sublease.</p> <p>20 Q I see. And then, from that three</p> <p>21 dollars, how much does the club get?</p> <p>22 A They pay a certain monthly charge to</p> <p>23 lease the parking lot.</p> <p>24 Q Oh, I see. The parkers or the people --</p> <p>25 they rent the space, and they handle all the parking?</p>
<p style="text-align: right;">Page 103</p> <p>1 Q Is that it?</p> <p>2 A That's it.</p> <p>3 Q And that's 275?</p> <p>4 A 250.</p> <p>5 Q 250, and they actually physically get a</p> <p>6 card?</p> <p>7 A Yes.</p> <p>8 Q Do they need the card to get in those</p> <p>9 rooms?</p> <p>10 A Yes.</p> <p>11 Q So is it a situation that you have</p> <p>12 regulars that you know are VIPs and they don't have</p> <p>13 to show their card?</p> <p>14 A No, no. We make everybody show their</p> <p>15 card. Because, when they expire, we need to know</p> <p>16 when they expire.</p> <p>17 Q And how long is it? Is it a year</p> <p>18 membership?</p> <p>19 A A year.</p> <p>20 Q How many VIP members do you have right</p> <p>21 now, for example?</p> <p>22 A I'd say -- honestly, I don't know.</p> <p>23 Q Is it like five or 100?</p> <p>24 A It's closer to 100.</p> <p>25 Q Is that something that a -- you encourage</p>	<p style="text-align: right;">Page 105</p> <p>1 A Yes.</p> <p>2 Q So that's not -- that money doesn't come</p> <p>3 in through the door person or anything like that?</p> <p>4 A Yes.</p> <p>5 Q That's their deal?</p> <p>6 A Yes.</p> <p>7 Q Who collects the fines?</p> <p>8 A I do.</p> <p>9 Q What do you do with the fines when you</p> <p>10 collect them?</p> <p>11 A They go into an envelope, and they get</p> <p>12 put in the house.</p> <p>13 Q And it just says fines?</p> <p>14 A It just says late fines.</p> <p>15 Q And the VIP membership, that money we</p> <p>16 would be able to track through the bartender's</p> <p>17 drawers?</p> <p>18 A Yes, they write it down.</p> <p>19 MR. SCHLANGER: Wait a minute.</p> <p>20 Could you read the last question back,</p> <p>21 please.</p> <p>22 (The last question was read back into the record.)</p> <p>23 BY MR. LUKAS:</p> <p>24 Q In other words, that money would be</p> <p>25 included in what the bartender's report to Karen?</p>

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<p style="text-align: right;">Page 106</p> <p>1 A Yes.</p> <p>2 Q And, again, there's no tracking of stage</p> <p>3 dance money, floor dance money, VIP lounge dance</p> <p>4 money or VIP room dance money?</p> <p>5 A Well, I mean, no. Just for -- the VIP</p> <p>6 room is written on there, but as far as table dances</p> <p>7 and stage dance, no, that's not recorded at all.</p> <p>8 Q Not even the number of dances are</p> <p>9 counted, correct?</p> <p>10 A No.</p> <p>11 MR. LUKAS: Let's take a quick</p> <p>12 break.</p> <p>13 (Brief pause.)</p> <p>14 MR. LUKAS: Back on record.</p> <p>15 BY MR. LUKAS:</p> <p>16 Q Do you review the -- the club's tax</p> <p>17 returns?</p> <p>18 A No.</p> <p>19 Q Do you review the club's accounting</p> <p>20 records?</p> <p>21 A No.</p> <p>22 Q Is there any occasion for you in your job</p> <p>23 as general manager or DJ where you would need to</p> <p>24 examine the accounting records?</p> <p>25 A No.</p>	<p style="text-align: right;">Page 108</p> <p>1 BY MR. LUKAS:</p> <p>2 Q So each dancer at the end of the night</p> <p>3 what is that sheet called?</p> <p>4 A It's their time sheet.</p> <p>5 Q And what does it -- is that what it's</p> <p>6 called, the time sheet?</p> <p>7 A Yes.</p> <p>8 Q And what does the time sheet say?</p> <p>9 A Time in/time outs, how much they made for</p> <p>10 the night in table dances, VIPs, stage sets.</p> <p>11 Q So they write down how much money they</p> <p>12 made total?</p> <p>13 A Yes.</p> <p>14 Q And they write down how much -- and they</p> <p>15 write down -- they differentiate where that money</p> <p>16 came from?</p> <p>17 A Yes, or supposed to.</p> <p>18 Q And do they?</p> <p>19 A They -- they give a good attempt to.</p> <p>20 Q Do you require them to?</p> <p>21 A That's part of their job.</p> <p>22 Q Do you discipline them for not?</p> <p>23 A No.</p> <p>24 Q Well, can't you review -- aren't those --</p> <p>25 those sheets are available to you I assume?</p>
<p style="text-align: right;">Page 107</p> <p>1 Q Do you have any idea how the money is</p> <p>2 accounted for with respect to tax returns and what</p> <p>3 not?</p> <p>4 A No.</p> <p>5 MR. LUKAS: I have no further</p> <p>6 questions for this witness.</p> <p>7 MS. MURPHEY: Okay. I just wanted</p> <p>8 to clarify one area.</p> <p>9 EXAMINATION</p> <p>10 BY MS. MURPHEY:</p> <p>11 Q Matt, at the end of the night, is there a</p> <p>12 sheet that the dancers fill out about what happened</p> <p>13 during that shift?</p> <p>14 A Yes.</p> <p>15 Q Okay. And on that sheet, are the dancers</p> <p>16 responsible for reporting how many table dances they</p> <p>17 do during a night?</p> <p>18 A Yes.</p> <p>19 Q And how many table dance fees and tips</p> <p>20 they collect?</p> <p>21 A Yes.</p> <p>22 MS. MURPHEY: That's all I have.</p> <p>23 MR. LUKAS: Well, let's talk about</p> <p>24 that.</p> <p>25 EXAMINATION</p>	<p style="text-align: right;">Page 109</p> <p>1 A Yes.</p> <p>2 Q And you can look at those and see if you</p> <p>3 got 10 percent, right?</p> <p>4 A I could look at those and see if I got</p> <p>5 10 percent, but they are not exactly the most honest</p> <p>6 when it comes to writing down how much they are</p> <p>7 making.</p> <p>8 Q I see. So when you're talking about</p> <p>9 having to take their word for it, it's because you</p> <p>10 don't know if what they wrote on the time sheet is</p> <p>11 really accurate?</p> <p>12 A True.</p> <p>13 Q And when they breakdown the money they</p> <p>14 made, what are the different categories they are</p> <p>15 supposed to break it down into?</p> <p>16 A Table dances, stage sets, VIP.</p> <p>17 Q And when you say VIP, you're talking</p> <p>18 about VIP room?</p> <p>19 A Yes.</p> <p>20 Q Not VIP lounge?</p> <p>21 A No. That's just table dances.</p> <p>22 Q Are they supposed to report money they</p> <p>23 get that isn't in connection with a table dance, a</p> <p>24 stage dance or a VIP room dance?</p> <p>25 A No.</p>

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<p>1 Q So any of the money we're talking about</p> <p>2 with respect to a tip just because, hey, you're a</p> <p>3 really good looking guy and I appreciate you, that's</p> <p>4 not recorded?</p> <p>5 A No.</p> <p>6 Q Or even required to be recorded?</p> <p>7 A No.</p> <p>8 Q And there should be a time sheet for each</p> <p>9 dancer each night they work, correct?</p> <p>10 A Yes.</p> <p>11 Q And then who is responsible for</p> <p>12 collecting those?</p> <p>13 A The door guy.</p> <p>14 Q Which door? The VIP door or the front</p> <p>15 door?</p> <p>16 A Front door.</p> <p>17 Q So at the end of the night or when the</p> <p>18 dancer is leaving, they have a couple of stops to</p> <p>19 make. They have to stop at the VIP --</p> <p>20 A They stop at the DJ booth to tip-out, the</p> <p>21 VIP door to get their money if they did any rooms,</p> <p>22 and the front door to breathalyze and tip-out and</p> <p>23 write their stuff down.</p> <p>24 Q And then how long are those time sheets</p> <p>25 maintained? How long does the club hang onto those?</p>	<p>1 time frame when that started happening?</p> <p>2 A If I did, it would be a guess. So it</p> <p>3 wouldn't be accurate.</p> <p>4 Q What were they doing before that?</p> <p>5 Anything? There was just no record?</p> <p>6 A No.</p> <p>7 Q Was it before or after this lawsuit</p> <p>8 started?</p> <p>9 A I couldn't tell you.</p> <p>10 MS. MURPHEY: Objection. Asked and</p> <p>11 answered. He's told you just has no</p> <p>12 idea.</p> <p>13 BY MR. LUKAS:</p> <p>14 Q How did you find out about this lawsuit?</p> <p>15 A Honestly, I can't remember.</p> <p>16 Q Have you talked to any of the dancers</p> <p>17 about this lawsuit?</p> <p>18 A The dancers bring it up occasionally.</p> <p>19 MR. LUKAS: Okay. That's it.</p> <p>20 MS. MURPHEY: Okay. Great. Thank</p> <p>21 you.</p> <p>22 MR. LUKAS: Thank you, sir.</p> <p>23</p> <p>24</p> <p>25</p>
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<p>1 A We -- that would be a question for Karen.</p> <p>2 Q Okay. How long have they been filling</p> <p>3 out this time sheet?</p> <p>4 A Honestly, I couldn't tell you.</p> <p>5 Q The entire time you've been there?</p> <p>6 A No.</p> <p>7 Q A year?</p> <p>8 A Probably -- I -- I couldn't even tell</p> <p>9 you.</p> <p>10 Q Well, has it been a week?</p> <p>11 A No. It's been more than a week.</p> <p>12 Q Has it been more than a year?</p> <p>13 A I couldn't tell you.</p> <p>14 Q Who could tell me?</p> <p>15 A Karen.</p> <p>16 Q Was this time sheet your idea?</p> <p>17 A No.</p> <p>18 Q Whose idea was it?</p> <p>19 A CB's.</p> <p>20 Q And C.B. is the one that told you to have</p> <p>21 them start filling out time sheets?</p> <p>22 A C.B. had Karen do the sheet, and then</p> <p>23 yes. It was told for me to have them start filling</p> <p>24 them out.</p> <p>25 Q Was that -- you can't give me any kind of</p>	<p>1 (Thereupon, the deposition was</p> <p>2 concluded at approximately 11:12</p> <p>3 a.m.)</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

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<p style="text-align: right;">Page 114</p> <p style="text-align: center;">ERRATA SHEET</p> <p>Pursuant to Rule 30 (7) (c) of the Federal Rules of Civil Procedure and/or Georgia Code Annotated 81A-130 (B) (6) (e), any changes in form or substance which you desire to make to your deposition testimony shall be entered upon the deposition with a statement of the reasons given for making them.</p> <p>To assist you in making any such corrections, please use the form below. If supplemental or additional pages are necessary, please furnish same and attach them to this errata sheet.</p> <p>---</p> <p>I, the undersigned, JAMES MATTHEW COLUNGA, do hereby certify that I have read the foregoing deposition, and that to the best of my knowledge, said deposition is true and accurate (with the exception of the following corrections listed below).</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p>	<p style="text-align: right;">Page 116</p> <p style="text-align: center;">DISCLOSURE</p> <p>STATE OF GEORGIA) DEPOSITION OF:</p> <p>FULTON COUNTY) -----</p> <p>Pursuant to Article 8.B of the Rules and Regulations of the Board of Court Reporting of the Judicial Council of Georgia, I make the following disclosure:</p> <p>I am a Georgia Certified Court Reporter. I am here as a representative of Merrill Corporation. Merrill Corporation was contacted to provide court reporting services for this deposition. Merrill Corporation will not be taking this deposition under any contract that is prohibited by O.C.G.A. 15-14-37 (a) and (b).</p> <p>Merrill Corporation has no contract or agreement to provide court reporting services with any party to the case, or any reporter or reporting agency from whom a referral might have been made to cover the deposition.</p> <p>Merrill Corporation will charge its usual and customary rates to all parties in the case, and a financial discount will not be given to any party in this litigation.</p> <p style="text-align: right;">Tanya L. Verhoven-Page, Certified Court Reporter, B-1790.</p>
<p style="text-align: right;">Page 115</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Page _____ Line _____ should read: _____</p> <p>Reason for change: _____</p> <p>Signature _____</p> <p>_____, Notary Public.</p> <p>This the _____ day of _____, 2014.</p> <p>My Commission Expires: _____ TLP</p>	<p style="text-align: right;">Page 117</p> <p style="text-align: center;">CERTIFICATE</p> <p>STATE OF GEORGIA:</p> <p>FULTON COUNTY:</p> <p>I hereby certify that the foregoing deposition was reported, as stated in the caption, and the questions and answers thereto were reduced to written page under my direction, that the preceding pages represent a true and correct transcript of the evidence given by said witness.</p> <p>I further certify that I am not of kin or counsel to the parties in the case, am not in the regular employ of counsel for any of said parties, nor am I in any way financially interested in the result of said case.</p> <p>Dated this 5th day of September, 2014.</p> <p style="text-align: right;">Tanya L. Verhoven-Page, Certified Court Reporter, B-1790.</p>

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